SENATE.

MONDAY, *December 11, 1922.*

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, Thy goodness is continued unto us and we recognize Thy manifold mercies, beseeching Thee to accept of us this morning. Enable us to see clearly what line of duty to pursue, and grant unto us always the desire to follow the teachings of Thine own gracious purpose, and help others on in the right and in the truth. We ask in Christ Jesus' name. Amen.

The VICE PRESIDENT resumed the chair.

RALPH H. CAMERON, a Senator from the State of Arizona, appeared in his seat to-day.

The reading clerk proceeded to read the Journal of the proceedings of Saturday last, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

ENROLLED BILLS SIGNED.

The VICE PRESIDENT announced his signature to the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

S. 3195. An act to authorize the Secretary of the Interior to accept completion of Carey segregation No. 11 and to issue patent therefor;

S. 3990. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Brooklyn Museum the silver service which was presented to the cruiser *Brooklyn* by citizens of Brooklyn, N. Y.;

S. 4025. An act to permit Mahlon Pitney, an Associate Justice of the Supreme Court of the United States, to retire;

H. R. 449. An act for the relief of the Cornwell Co., Saginaw, Mich.;

H. R. 450. An act for the relief of Bradley Sykes;

H. R. 1463. An act for the relief of William Malone;

H. R. 1862. An act for the relief of Leroy Fisher.

H. R. 6251. An act for the relief of Leo Balsam;

H. R. 8062. An act amending subdivision (5) of section 302 of the war risk insurance act; and

H. R. 8264. An act for the relief of Thomas B. Smith.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 13180) making appropriations for the Treasury Department for the fiscal year ending June 30, 1924, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House insisted upon its amendments to the bill (S. 3275) granting pensions and increase of pensions to certain soldiers and sailors of the Civil and Mexican Wars and to certain widows, former widows, minor children, and helpless children of said soldiers and sailors, and to widows of the War of 1812, and to certain Indian war veterans and widows, disagreed to by the Senate; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. FULLER, Mr. LANGLEY, and Mr. RUCKER were appointed managers on the part of the House at the conference.

REPORT OF SURGEON GENERAL, PUBLIC HEALTH SERVICE.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting, pursuant to law, the report of the Surgeon General of the Public Health Service for the fiscal year 1922, which was referred to the Committee on Finance.

HOUSE BILL REFERRED.

The bill (H. R. 13180) making appropriations for the Treasury Department for the fiscal year ending June 30, 1924, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

PETITIONS AND MEMORIALS.

Mr. WARREN presented telegrams in the nature of petitions from the Lions Club, the Rawlins Board of Trade, the Rawlins National Bank, and the First National Bank, all of Rawlins, Wyo., praying for the passage of the so-called Capper-French truth in fabric bill, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Fremont County Woolgrowers' Association, at Lander, Wyo., favoring the passage of the so-called Capper-French truth in fabric bill, which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Local Union No. 307, General Teamsters and Chauffeurs, of Cheyenne, Wyo., protesting against any modification of the immigration laws permitting a larger number of immigrants to come into the United States, which were referred to the Committee on Immigration.

Mr. CURTIS presented a petition numerously signed by sundry citizens of the State of Kansas, praying for the enactment of legislation to abolish the discriminatory tax on small-arms ammunition and firearms, which was referred to the Committee on Finance.

Mr. NELSON presented a resolution of Local No. 10, United Cloth Hat and Cap Makers of North America, at St. Paul, Minn., favoring recognition by the United States of the present Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

Mr. LADD presented petitions of Henry R. Halvorson and 8 others of Finley; C. H. Berger and 6 others of Baldwin; Elvick Stouke and 5 others of Enderlin; George Carlblom and 3 others of Fort Ransom; P. H. Anderson and 8 others of Dawson; Karl Gerger and 8 others of Glen Ullin; Maurice Rife and 9 others of Sheldon; Palmer Demmy and 4 others of Sykeston, Carl Dabelon and 20 others of Kramer; Frank Kelly and 15 others of Richardton; R. T. Paton and 9 others of Neche; Carl Schentt and 7 others of Rugby; Gilbert Larson and 8 others of Crosby; Michael J. Masseth and 9 others of Dawson; J. W. Rickford and 13 others of Sheldon; Magnus Helland and 4 others of Kathryn, A. H. Opsal and 3 others of Taylor; Mrs. Lulu M. Reynolds and 23 others of Powers Lake; J. P. Johnson and 11 others of Park River; Ole Clemetson and 30 others of Hoople, all in the State of North Dakota, praying for the enactment of legislation stabilizing the prices of wheat, which were referred to the Committee on Agriculture and Forestry.

ORGANIZATIONS INDORSING AMERICAN VALUATION—CORRECTION.

Mr. LODGE. Mr. President, I desire to present and have printed in the RECORD two letters in regard to the appearance of certain names in a list of organizations indorsing American valuation, which were printed in the RECORD September 18. These letters are from the representatives of the Arkwright Club and the consolidated tariff committee of American Manufacturers stating that the names of those two organizations were printed without any authority from either organization and should not have appeared in the list. I ask that the two letters be printed in order to make the record correct.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

WILLIAM F. GARCELON, AGENT,
THE ARKWRIGHT CLUB, 1880,
Boston, December 6, 1922.

Hon. HENRY CABOT LODGE,
United States Senate, Washington, D. C.

DEAR SIR: In the CONGRESSIONAL RECORD of Monday, September 18, 1922, on page 12836, there appears a so-called list of "organizations indorsing American valuation." This was presented by Senator ODDIE. In that list there appears the name of the Arkwright Club.

The Arkwright Club, as an organization, has taken no position in this matter and has authorized no one to place its name in such a list.

It would be appreciated if you will place this statement in the RECORD.

Some of the members of the club have been strongly opposed to the American valuation plan; therefore, the club itself took no position.

Very truly yours,

WM. F. GARCELON, *Agent.*

(Consolidated tariff commission representing National Council of American Cotton Manufacturers, American Association of Cotton Manufacturers, National Association of Cotton Manufacturers, Association of Cotton Textile Merchants, Arkwright Club.)

BOSTON, MASS., *December 6, 1922.*

Hon. HENRY CABOT LODGE,
United States Senate, Washington, D. C.

DEAR SIR: In the CONGRESSIONAL RECORD of Monday, September 18, 1922, on page 12837, there appears a so-called list of "organizations indorsing American valuation." This was presented by Senator ODDIE. In that list appears the name of the consolidated tariff committee of American Manufacturers.

This committee authorized no one to place its name in such a list and did not, as a committee, indorse the American valuation plan, individual members at times expressing their opinion for and against it.

Will you kindly have this statement placed in the records of the Senate, so that the misstatement as above may not stand?

Very truly yours,

WM. F. GARCELON, *Secretary.*

LECTURES BY LIEUT. CAPT. HELLMUTH VON MULCKE.

Mr. FRELINGHUYSEN. Mr. President, I ask unanimous consent to present and have printed in the RECORD a resolution passed by the Captain Newell Rodney Fiske Post of Cranford, N. J., opposing the lecturing by Lieut. Capt. Hellmuth von Mulcke on his experiences on the German cruiser *Emden.*

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
NATIONAL LEGISLATIVE COMMITTEE,
Washington, D. C., December 2, 1922.

Hon. JOSEPH S. FRELINGHUYSEN,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I am taking the liberty of transmitting to you the following resolution, which was passed by the Captain Newell Rodney Fiske Post, No. 335, of the Veterans of Foreign Wars, in Cranford, N. J., and which has been concurred in by our national officers. The resolution is short, and I am sure that the situation should be brought to the attention of the country through the medium of its publication in the CONGRESSIONAL RECORD. May we count on your good offices?

"*Resolved*, That the Captain Newell Rodney Fiske Post, No. 335, Veterans of Foreign Wars of the United States, of Cranford, N. J., goes on record as being emphatically opposed to allowing Lieut. Capt. Hellmuth Von Mulcke to come into the United States of America and lecture, either privately or publicly, relating his experiences on the German cruiser *Emden* in sinking ships and destroying human lives.

Yours very truly,

EDWIN S. BETTELHEIM, Jr., *Chairman.*

REPORTS OF COMMITTEES.

Mr. BALL, from the Committee on the District of Columbia, to which was referred the joint resolution (S. J. Res. 247) providing funds for the maintenance of public order and the protection of life and property during the convention of the Imperial Council of the Mystic Shrine in the District of Columbia June 5, 6, and 7, 1923, and for other purposes, reported it with amendments and submitted a report (No. 938) thereon.

Mr. McLEAN, from the Committee on Banking and Currency, to which was referred the bill (S. 4096) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the enunciation of the Monroe doctrine, reported it without amendment.

Mr. WADSWORTH, from the Committee on Military Affairs, to which was referred the joint resolution (S. J. Res. 250) to donate to the Veterans of Foreign Wars of the United States certain war trophies captured by or surrendered to the armed forces of the United States in the World War, reported it without amendment and submitted a report (No. 939) thereon.

AMENDMENT OF TRADING WITH THE ENEMY ACT.

Mr. NELSON. From the Committee on the Judiciary I report back favorably without amendment the bill (S. 4100) to amend section 9 of the trading with the enemy act as amended, and I submit a report (No. 936) thereon.

I wish to make a brief statement, if the Senate will permit me.

Mr. ROBINSON. The Senator from Minnesota is asking unanimous consent for the present consideration of the bill?

Mr. NELSON. Yes; it simply grants an extension of time, and I shall make a brief statement about it.

Under the trading with the enemy act six months' time was given for claimants whose property had been taken by the Alien Property Custodian to make requests for the return of the property and to prefer claims for it. By the act of 1921 that time was extended 18 months and by the bill which I have just reported it is intended to extend it for another year. The letter of the Alien Property Custodian states that—

> The same situation arises this year as existed last year, and unless the time for filing suit is further extended much hardship will ensue, and in all probability there will be hundreds of suits filed against the Alien Property Custodian by those who will not await further congressional action dealing with the disposition of the alien property. The bringing of those suits will not only work a hardship to a lot of enemy owners but will necessitate an expenditure on the part of the Government of additional sums in the employment of assistant counsel and otherwise for the handling of these suits.

The bill is recommended not only by the Alien Property Custodian but by the Department of Justice. The present time within which claims may be filed will expire on the 2d of January next. The object of the bill is simply to extend that time for one year. That is the whole purpose of the bill. I ask unanimous consent for its present consideration.

Mr. UNDERWOOD. Mr. President, I understand that section 9 of the trading with the enemy act authorized these claimants to property to go to the courts and sue for the return of their property, and that there is no statute of limitation which rests upon that right to go to the courts. I inquire of the Senator from Minnesota if there is any statutory limitation that prevents these people from going to the courts?.

Mr. NELSON. I think that is the statute we refer to. The claimants were originally given six months' time under the trading with the enemy act, and in 1921 the time was extended by the act of that year for 18 months, and it is the purpose of the bill to give additional time in which to prefer claims and bring suit.

Mr. UNDERWOOD. My understanding was that the limitation related to their making settlement with the Alien Property Custodian and the Attorney General, and not with regard to the question of their going into the Court of Claims and suing for the property.

Mr. NELSON. The bill proposes to amend section 9 of the trading with the enemy act.

Mr. UNDERWOOD. The limitation probably relates to both.

Mr. NELSON. Yes. The bill has been approved by the Alien Property Custodian.

Mr. UNDERWOOD. Under section 9 of the trading with the enemy act it was proposed that property unlawfully and unjustly taken might be recovered either through the Alien Property Custodian or the courts. By that was meant cases where the property of an American citizen or a national of one of our allies was involved or was taken only as a war measure, because the American citizen or the national of one of our allies was in the enemy's country or where the property was taken by mistake.

I would have no objection if the bill limited the matter to one year further in order to give people who may have a righteous cause an opportunity to go to the courts and be heard. But, Mr. President, I think the time has come to take affirmative action with reference to the payment of American claims. I am not objecting to the Senator's proposition. I am not going to object now. I am perfectly willing that the bill shall be considered.

Mr. NELSON. Will the Senator allow me to interject one remark? The bill does not change the law in any respect except that it extends the time one year.

Mr. UNDERWOOD. That is what I understand, and I have no objection to that; but I think the time has come when some affirmative action should be taken looking to the payment of American claims. Property was taken over by the German Government from its nationals and under the treaty of Berlin given to us to pay our claimants; that is to say, it really belonged to the enemy at the time it was taken; but there has been no action taken by this Government to protect the rights of its own citizens up to this time. In 1914 some of the American claims arose, and here we are about to enter 1923.

Nine years ago some of these claims arose and most of them have existed for five or six years, and yet no action has been taken. It is true the President has appointed a commission to hear the claims, but the commission has not met. Congress has taken no action. There are a great many of the American claims which are meritorious. The property of innocent American citizens was sacrificed and their lives were sacrificed. I think the time has come when the American Congress and the American Government should give some attention to looking after the claims of American citizens as well as the claims to property of aliens.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

There being no objection, the bill was considered as in Committee of the Whole, and it was read as follows:

Be it enacted, etc., That section 9 of the trading with the enemy act as amended is amended by striking out the words "18 months" in such section and inserting in lieu thereof "30 months."

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

LAND PATENT TO JOHN W. STANTON.

Mr. MYERS. From the Committee on Public Lands and Surveys I report back favorably, without amendment, the bill (S. 2934) to provide for the issuance to John W. Stanton by the Secretary of the Interior of patent to certain land, upon payment therefor at the rate of $1.25 per acre, and I submit a report (No. 937) thereon.

I ask the indulgence of the Senate while I make a very brief statement relative to the purpose of the bill. I should like to have the bill read at the desk for the information of the Senate, and then I shall ask unanimous consent for its immediate consideration.

It is a bill that is recommended by the Secretary of the Interior, and he urges immediate action in order that it may stand some chance of getting through the House at this session. I have a letter from the Assistant Secretary of the Interior urging the passage of the bill in order that the party interested may not lose all his rights in the matter.

The land in question was entered under the homestead law, and the entryman complied with the law in all respects and cultivated and improved the land to the extent required. He borrowed from a party, with whom I am well acquainted, $500 with which to improve the land, and all that money was put into improving the land, but just before the entryman made the final proof, or just before patent was issued, he died. He left no relatives or heirs whatever. The party who loaned the $500 which went into improvements on the land, and for which he

holds a mortgage on the land, asks leave to have the Secretary of the Interior issue a patent to him instead of to the original entryman upon the payment by him of $1.25 an acre, the exact amount the entryman would have had to pay.

I send the bill to the desk and ask that it may be read for the information of the Senate, and then I shall ask for its immediate consideration.

The VICE PRESIDENT. The bill will be read for the information of the Senate.

The reading clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized, in his discretion, to issue patent to John W. Stanton, of Great Falls, Mont., for the west half of the southwest quarter of section 2, the north half of the northwest quarter of section 11, and the northeast quarter of the southeast quarter of section 3, all in township 23 north of range 4 east, principal meridian of Montana, upon payment by said John W. Stanton therefor at the rate of $1.25 per acre.

Mr. TOWNSEND. I desire to ask the Senator from Montana if the bill which has just been read has been before the Committee on Public Lands and Surveys and has been unanimously reported from that committee?

Mr. MYERS. The bill has received the unanimous report of the committee. There was a good attendance of the committee, constituting a quorum, and all members of the committee who were present thought the bill should be enacted into law at once.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WARREN:

A bill (S. 4145) providing that the State of Wyoming be permitted to relinquish to the United States certain lands heretofore granted and to select other lands from the public domain in lieu thereof; and

A bill (S. 4146) granting certain lands to Natrona County, Wyo., for a public park (with accompanying papers); to the Committee on Public Lands and Surveys.

By Mr. TOWNSEND:

A bill (S. 4147) granting a pension to Isaac Hawley (with accompanying papers); to the Committee on Pensions.

By Mr. GOODING:

A bill (S. 4148) relative to reduction in freight rates on products of agriculture and live stock; to the Committee on Interstate Commerce.

By Mr. WELLER:

A bill (S. 4149) for the relief of Mary A. Cox; to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 4150) to provide for the organization of organized reserves in the Philippine Islands; to the Committee on Military Affairs.

GRADE OF PROFESSOR EMERITUS AT NAVAL ACADEMY.

Mr. LODGE submitted an amendment intended to be proposed by him to the bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment, which was referred to the Committee on Naval Affairs and ordered to be printed.

SALARIES OF CERTAIN ATTORNEYS AND MARSHALS.

Mr. LODGE submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 425) fixing the salaries of certain United States attorneys and United States marshals, which was ordered to lie on the table and to be printed.

PROPOSED SIX-YEAR PRESIDENTIAL TERM.

Mr. HARRIS submitted an amendment intended to be proposed by him to the joint resolution (S. J. Res. 253) proposing an amendment to the Constitution of the United States, fixing the commencement of the terms of President and Vice President and Members of Congress, and providing for the election of President and Vice President by direct vote, which was ordered to lie on the table and to be printed.

ARMAMENT CONFERENCE TREATIES.

Mr. HITCHCOCK. I offer the resolution which I send to the desk and ask to have read. It is very brief, and I think there will be no objection to it.

The resolution (S. Res. 381) was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of State be, and he is hereby, requested to furnish the Senate information showing to what extent and by what nations the six treaties known as the armament conference treaties, described in Senate Document No. 124, Sixty-seventh Congress, second session, have been ratified, and to give the date of ratification in each case by each country.

THE CALENDAR—THE MERCHANT MARINE.

The VICE PRESIDENT. The calendar under Rule VIII is in order.

Mr. CURTIS. Mr. President. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	Gooding	McKellar	Simmons
Bayard	Hale	McLean	Smith
Borah	Harreld	McNary	Smoot
Brookhart	Harris	Myers	Spencer
Cameron	Harrison	Nelson	Stanley
Capper	Heflin	New	Sutherland
Caraway	Hitchcock	Nicholson	Townsend
Colt	Jones, N. Mex.	Norbeck	Trammell
Couzens	Jones, Wash.	Norris	Underwood
Culberson	Kellogg	Overman	Wadsworth
Curtis	Kendrick	Page	Walsh, Mass.
Dial	Keyes	Phipps	Walsh, Mont.
Dillingham	Ladd	Pittman	Warren
Fernald	La Follette	Pomerene	Weller
Fletcher	Lenroot	Ransdell	Williams
Frelinghuysen	Lodge	Robinson	Willis
Glass	McCumber	Sheppard	

The VICE PRESIDENT. Sixty-seven Senators have answered to their names. A quorum is present. The calendar under Rule VIII is in order.

Mr. JONES of Washington. Mr. President, I ask unanimous consent that the call of the calendar provided for by the rule may be suspended for the day. We had a call of the calendar the other day.

Mr. UNDERWOOD. Mr. President, I think we did have a call of the calendar the other day, and I do not know that there is any business very pressing on the calendar, although there is a bill on the calendar which I should like to have taken up, but I do not seem to be able to have an opportunity to have that done. However, I desire to ask the Senator from Washington what is his purpose. Does he intend to push to a final vote the bill which he seeks to have taken up to-day? I have no desire to delay the consideration of the bill, I will say candidly to the Senator, but a bill of such magnitude, of course, requires some consideration.

Mr. JONES of Washington. I know the Senator from Alabama has no intention of unduly delaying the passage of the bill.

Mr. UNDERWOOD. Of course, several days must elapse before the Senate will be in a condition to consider a measure of such importance. If the Senator intends, when the shipping bill shall have been taken up to-day and the debate for the day seems to have been concluded, to ask that the Senate adjourn, I have no objection to suspending the call of the calendar this morning.

I wish to say, and I wish to have it understood, that I do not intend to interpose any unusual delay against the consideration of the bill, but I know that there are Senators on this side of the Chamber who desire to speak on the bill in its initial stages who are not prepared to do so to-day. I should not, therefore, desire to consent that the call of the calendar be dispensed with, if the intention on the part of those pressing the ship subsidy bill is, while Senators who are opposed to that measure are not prepared to speak, to resort to extreme measures. If that is not the purpose of the Senator from Washington, I shall have no objection to his request.

Mr. JONES of Washington. Mr. President, of course, I did not expect that the bill would be disposed of to-day. I did intend to make some brief remarks myself upon the measure. Then, of course, if Senators are not prepared to consider it further to-day, I would not press for a vote, because I know it is quite a controverted measure and that it will take some considerable time to dispose of it even without any unnecessary opposition. When we conclude our business to-day I should like to have the Senate take a recess until 11 o'clock to-morrow morning, but I would not be disposed to press that suggestion, of course, after what the Senator from Alabama has said.

Mr. UNDERWOOD. I do not think we ought so soon to start taking recesses until 11 o'clock the following day. Later on we may do so. I have no objection to taking a recess until to-morrow, but I think, with the committees meeting, 12 o'clock

would be time enough to have the Senate convene following the recess.

Mr. JONES of Washington. Probably, so far as to-morrow is concerned, that suggestion may be all right.

Mr. NORRIS. Mr. President, I should like to say just a word to the Senator brought out by his suggestion of a recess until 11 o'clock either to-morrow or for the next several days. The Committee on Agriculture and Forestry have arranged some hearings on legislation which I think is of very great importance, and, in accordance with those arrangements, men have come from different parts of the United States. There is quite a delegation here now. I talked with the man who has charge of the arrangements for a number of bankers and farmers from the Northwest, and he stated it would take them three or four days to be heard. The Senator knows that if the Senate meets at 11 o'clock that means that committee work will have to suffer. I realize that it may be said the committee could go on while the Senate is in session, but everyone knows that is very unsatisfactory, for it frequently results in having only one or two members of the committee present. The legislation which we are considering pertains to and is intended to affect directly the agriculturists of the country. I would very much dislike to see any action taken within the next several days at least that would prevent us from going on without hearings in the regular way.

Mr. JONES of Washington. I will say that I will not ask the Senate to take a recess to an earlier hour than 12 o'clock to-morrow in any event.

Mr. NORRIS. A recess to an earlier hour for the following day and for several days thereafter would be just as bad. I do not want silence on my part to be intrepreted as in any way giving my consent to that kind of an arrangement.

Mr. FLETCHER and Mr. POMERENE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Washington yield; and if so, to whom?

Mr. JONES of Washington. I yield first to the Senator from Florida.

Mr. FLETCHER. Mr. President, I realize the force of what the Senator from Nebraska has said. Furthermore, I know that the Banking and Currency Committee will meet to-morrow at 10.30 o'clock to consider the rural credits bill pending before that committee, and it will be quite impossible for that committee to consider that and other matters and give hearings if we are going to recess and meet here at 11 o'clock. I understand the Senator now to suggest that he will not press such a request for the present, at any rate, and he certainly ought not to insist upon it, because it would deprive us entirely of the opportunity of considering very important measures, especially those on the subject of rural credits.

I do not know that there is any measure of particular importance now on the calendar, but there have been some bills reported since the last call of the calendar, and I am inclined to think that we ought to go on regularly and stand by our rules. This being Calendar Monday, let us dispose of such measures as ought to be disposed of, and then, after that, I presume it is the purpose of the Senator to move to consider the ship subsidy bill. In the meantime, however, I think we ought to proceed regularly and deal with the calendar.

Mr. POMERENE. Mr. President, will the Senator permit a further suggestion?

Mr. JONES of Washington. I understand this matter is really not debatable, but I have no objection to the Senator making a suggestion.

Mr. POMERENE. I wanted to make a suggestion along the line of those made by the Senator from Florida and the Senator from Nebraska. We are going to have a number of hearings before the Banking and Currency Committee on the subject of rural credits. The chairman of that committee has just advised me that those hearings will probably take a week or two weeks. They are of the utmost importance. I recognize the fact that the Commerce Committee has been studying this question of a merchant marine for many weeks. Some of the rest of us have tried to give it some attention. Personally, I have not come to any conclusion about it; but I want the opportunity to attend religiously upon these debates as they occur, and I can not perform my duties in the Banking and Currency Committee and be here at the same time.

While this is the short session of the Congress, this is a matter of the utmost importance; and whatever may be the ultimate result of this legislation, it does seem to me that we can afford to study it very carefully before coming to a final conclusion.

Mr. JONES of Washington. Mr. President, I appreciate just what the Senator from Ohio says. I appreciate that it is difficult to hold these committee hearings with the Senate in session. Some Members would like to be at the committee meetings. They would also like to be on the floor of the Senate. I can not give any assurance, however, with reference to the action of the Senate in that respect, except to say that I shall not ask the Senate to-day to recess to a time earlier than 12 o'clock to-morrow.

Everybody recognizes the controversial character of the bill that we hope to bring up; and while I assume that whatever opposition there is to the bill will be based upon its merits, and that there will be no disposition to take advantage of the situation by reason of this being a short session to defeat the bill or unduly delay it, yet the bill is on the calendar; it has been pending for quite a long while; and it seems to me that we shall have to take every reasonable means at our disposal to expedite its passage, even though we may have to interfere with the hearings that may be necessary in other very important matters. I think everybody recognizes the situation that confronts us, and everybody will appreciate, I think, any efforts that are made to expedite the passage of the bill, even though they may interfere with hearings upon various important measures.

As I say, however, I shall not ask the Senate to-day to recess to an hour earlier than 12 o'clock to-morrow. I had hoped that we might dispense with the call of the calendar this morning. I know that under the rules this is Calendar Monday, and if any Senator objects I shall not complain, of course. He has a perfect right to do it.

The VICE PRESIDENT. Is there objection?

Mr. ROBINSON. Mr. President, reserving the right to object, the bill which the Senator from Washington [Mr. JONES] proposes to bring forward is an important measure. It was made an issue in the political campaign which terminated in the election on the 7th of November last. It would not be accurate to say that this measure was the sole issue which determined the very far-reaching results of that election. It is true, however, that when the President proposed to bring the bill forward prior to the election and have it passed upon by the Congress then, it was announced in the public press that the leaders of the majority of the body at the other end of the Capitol were opposed to that action, because they anticipated that if the ship subsidy bill was passed by the House of Representatives prior to the election it would inevitably result in the defeat of many Republican Members for reelection, and Members particularly from the sections represented by the leader of the majority in the House of Representatives recognized the measure as unpopular with the American people, particularly with their constituencies.

They had no hesitancy then in saying that the consideration of the ship subsidy bill should be deferred until after the election; and the reason this action was suggested was that to pass it prior to the election would prevent their reelection or return to Congress.

The President, as the press announced, reluctantly responded to that attitude of the leader of the majority in the House of Representatives and others associated with him in the political affairs of this Nation. No effort was made to bring the bill forward and pass it prior to the election. It is true that other measures were pending which consumed the time of the Congress. The President's purpose, expressed early in the session, was to make this the supreme legislative issue. He yielded that attitude out of respect to the leaders of the majority party in this body and in the body at the other end of the Capitol.

When the election was held, this bill was one of the primary issues that determined the results in 50 or more congressional districts throughout the country; and everywhere this bill was made an important issue the result was an overwhelming defeat for the champions of the measure. You can not name a western district where the ship subsidy bill was an issue at the last election where the advocate of this legislation, the open and avowed champion of the measure, won the support of his constituents.

This issue, with others associated with it, came near resulting in a reversal of the political control of both Houses of Congress. It encompassed the defeat of many Representatives and of some Senators. Now it is proposed by the Senator from Washington [Mr. JONES], representing the administration, to take advantage of the very short period which must transpire under the Constitution of the United States before those who received the approval of the public in the last election, those who won on this and other issues associated with it, shall have the opportunity of registering their votes in the Senate and in the House of Representatives and pass the bill in virtual defiance of public sentiment in the United States. That is the proposition implied from the suggestion of the chairman of the committee, the Senator from Washington, when he an-

nounces his purpose, on this the very first day the ship subsidy bill is before the Senate, to begin a process of pressure, before its provisions have even been explained to the Senate, to drive the measure through the Senate under whip and spur so that it may go back to the House and pass the conference before the 4th of March, because he knows and the administration knows that if the bill does not pass before that time its doom is sealed for all time.

No, you do not concede that openly. Let me ask you, if you were not afraid of the issue, why did you postpone it until after the election, and why are you so hasty in bringing it forward since the election, so as to have it disposed of before the newly elected representatives of the people in the House and in the Senate have the opportunity of reflecting in their votes respecting this bill the voices and the pleasures of their respective constituencies? The proper thing to do, since you did not have the courage to bring it forward and expressly make it an issue in the last election, and since you must know that the measure is unpopular, as evidenced by the result of the election, is to give those who have the new and recent approval of the constituencies represented in the House of Representatives and in the Senate of the United States the opportunity of disposing of the issue. That is representative government.

Something has been said heretofore about changing the Constitution so as to reflect more promptly in this Chamber and in the House of Representatives the desires of the constituencies represented in these bodies. While the framers of the Constitution undoubtedly recognized the dangers of hasty action in legislation, they never dreamed that after a measure had been passed on by the American people, and disapproved by them, those who had been rejected in the election would dare to insist upon passing measures which the election showed to be unpopular.

You have the power to take this action. I presume you have the votes. If you can get the votes you can pass this bill, which you know the people of this country refused to approve, and which you know they will not approve, and thus permit the men who have been defeated upon this very issue to determine it against the will and the desires of their constituents.

This measure ought to go over until the long session of Congress.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington to dispense with the call of the calendar?

Mr. FLETCHER. I object, Mr. President.

The VICE PRESIDENT. There is objection. The calendar will be proceeded with under Rule VIII.

BILLS PASSED OVER.

The bill (S. 214) to amend section 24 of the act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, was announced as the first business on the calendar.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1467) to carry into effect the findings of the Court of Claims in favor of Elizabeth White, administratrix of the estate of Samuel N. White, deceased, was announced as next in order.

Mr. SMOOT. Let the bill go over.

The VICE PRESIDENT. The bill goes over.

The bill (S. 491) to provide, without expenditure of Federal funds, the opportunities of the people to acquire rural homes, and for other purposes, was read.

Mr. ROBINSON. This appears to be a bill of considerable importance. The author of the bill, or some one who is familiar with its provisions, should, I think, give the Senate an explanation of its terms and purposes. I do not desire to object to its consideration, but I do want to understand what the object of the bill is.

Mr. WADSWORTH. I object.

The VICE PRESIDENT. There is objection, and the bill will be passed over.

The bill (S. 1016) to amend an act entitled "An act to repeal section 3480 of the Revised Statutes of the United States," was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

EXPENDITURES IN EXECUTIVE DEPARTMENTS.

The resolution (S. Res. 67) authorizing the Committee on Expenditures in the Executive Departments to hold hearings here or elsewhere and to employ stenographers to report the same was announced as next in order.

Mr. SMOOT. I ask that the resolution be placed on the calendar under Rule IX.

The VICE PRESIDENT. Without objection, it is so ordered.

LOANS IN THE DISTRICT OF COLUMBIA.

The bill (S. 7) to amend the act entitled "An act to regulate the business of loaning money on security of any kind by persons, firms, and corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan associations, and real estate brokers in the District of Columbia," approved February 4, 1913, was announced as next in order.

Mr. ROBINSON. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

FOREIGN TRADE ZONES.

The bill (S. 2391) to provide for the establishment, operation, and maintenance of foreign trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes, was announced as next in order.

Mr. SMOOT. That was virtually taken care of in the tariff bill, or we undertook to take care of it, though not so fully as this bill would do. I ask that the bill may go to the calendar under Rule IX.

The VICE PRESIDENT. Without objection, it is so ordered.

BILLS, ETC., PASSED OVER.

The bill (S. 2228) to amend certain sections of the Judicial Code relating to the Court of Claims was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (H. R. 8331) to amend the transportation act, 1920, and for other purposes, was announced as next in order.

The VICE PRESIDENT. This bill has been considered as in Committee of the Whole two or three times, has been amended, and there is an amendment pending, which the Secretary will state.

Mr. FRELINGHUYSEN. Let the bill go over.

The VICE PRESIDENT. The bill goes over.

The joint resolution (S. J. Res. 41) authorizing transportation for dependents of Army field clerks and field clerks Quartermaster Corps was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

DRY DOCK AT NEW ORLEANS, LA.

The bill (S. 2718) to provide for leasing of the floating dry dock at the naval station, New Orleans, La., was considered as in Committee of the Whole, and was read as follows:

Be it enacted, etc., That authority be, and is hereby, given to the Secretary of the Navy, when in his discretion it will be for the public good, to lease, for periods not exceeding five years and revocable at any time, the floating dry dock at the naval station, New Orleans, La.; and such lease shall be reported annually to Congress: *Provided*, That all moneys received from such lease shall be covered into the Treasury as miscellaneous receipts.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. PAGE subsequently said: Mr. President, referring to the bill (S. 2718) to provide for the leasing of the floating dry dock at the naval station, New Orleans, La., the facts about the bill are these: Some questions have arisen which seem to render it necessary to have the bill go back to the Committee on Naval Affairs and for that committee to have further consideration of the matter. I had intended to ask that it might go over when it was reached at this time. I was not in the Chamber when the bill was called, however, and I now ask unanimous consent that the votes by which the bill was ordered to a third reading and passed may be reconsidered, so that the bill may remain upon the calendar.

The PRESIDING OFFICER (Mr. MCNARY in the chair). Is there objection to the request of the Senator from Vermont?

Mr. FLETCHER. I know nothing about it, but I suggest, if the Senator thinks it ought to be recommitted, that he then have it recommitted instead of being kept on the calendar.

Mr. PAGE. I prefer that it be not recommitted until after to-morrow, when the Committee on Naval Affairs expect to consider it.

The PRESIDING OFFICER. If there is no objection to the reconsideration of the votes by which the bill was ordered to a third reading and passed, it will then go to the calendar. Is there objection? The Chair hears none, and it is so ordered.

BILLS, ETC., PASSED OVER.

The bill (S. 2589) to amend section 11 of the act entitled "An act for the retirement of public-school teachers in the District of Columbia," approved January 15, 1920, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 67) for the relief of the heirs of Adam and Noah Brown was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1539) for the relief of Watson B. Dickerman, administrator of the estate of Charles Backman, deceased, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1861) authorizing the Court of Claims to adjudicate the claim of Capt. David McD. Shearer for compensation for the adoption and use and acquisition by the United States Government of his patented invention, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 133) proposing an amendment to the Constitution of the United States was announced as next in order.

Mr. LODGE. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 14) providing for the election of a Delegate to the House of Representatives from the District of Columbia, and for other purposes, was announced as next in order.

Mr. SMOOT. That bill can not be considered this morning.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2292) authorizing the Secretary of War to furnish certain information for historical purposes to the adjutant generals of the several States and the District of Columbia, and making an appropriation therefor, was announced as next in order.

Mr. SMOOT. That will have to go over to-day.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3254) to encourage the development of the agricultural resources of the United States through Federal and State cooperation, giving preference in the matter of employment and the establishment of rural homes to those who have served with the military and naval forces of the United States, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1343) granting relief to persons who served in the Military Telegraph Corps of the Army during the Civil War was announced as next in order.

Mr. SMOOT. I ask that that may go over.

The VICE PRESIDENT. The bill goes over.

The bill (S. 1345) to amend an act entitled "Interstate commerce act," approved February 28, 1920, was announced as next in order.

Mr. NEW. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1346) to amend an act entitled "An act to regulate commerce," approved February 4, 1887, and all acts amendatory thereof, including the safety appliance acts and the act providing for the valuation of the several classes of property of carriers subject to the Interstate Commerce Commission, approved March 1, 1913, was announced as next in order.

Mr. NEW. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2921) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

Mr. ROBINSON. I have no objection to considering the bill, but I want to know what it proposes to do.

Mr. TOWNSEND. I think the bill should go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 188) creating a committee to investigate existing conditions of industry and commerce in the United States for the purpose of recommending to Congress legislation defining the rights and limitations of cooperative organizations as distinguished from illicit combinations in restraint of trade was announced as next in order.

Mr. FLETCHER. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 3384) authorizing an appropriation to meet proportionate expenses of providing a drainage system for Paiute Indian lands in the State of Nevada within the Newlands reclamation project of the Reclamation Service was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 171) to extend the provisions of the act of May 11, 1912, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 227) rejecting bids for the acquisition of Muscle Shoals was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (H. R. 13) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching, was announced as next in order.

Mr. TRAMMELL. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3146) to amend section 5 of the United States cotton futures act was announced as next in order.

Mr. SMOOT. There is an adverse report on the bill, and it had better go over to-day.

The VICE PRESIDENT. The bill goes over.

The bill (S. 2388) for the relief of Augusta Reiter was announced as next in order.

Mr. FLETCHER. Neither the Senator reporting the bill nor the author of the bill is present, and I ask that it may go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3858) to define butter and to provide a standard therefor was announced as next in order.

Mr. SMOOT. Let the bill go over.

The PRESIDING OFFICER (Mr. McNARY in the chair). On objection of the Senator from Utah the bill will go over.

The bill (H. R. 211) to extend the provisions of the pension act of May 11, 1912, and May 1, 1920, to the officers and enlisted men of all State militia and other State organizations that rendered service to the Union cause during the Civil War for a period of 90 days or more, and providing pensions for their widows, minor children, and dependent parents, and for other purposes, was announced as next in order.

Mr. SMOOT. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3995) to authorize the Secretary of Agriculture to exterminate bean beetles in the State of New Mexico, and authorizing expenditures therefor, was announced as next in order.

Mr. SMOOT. Let the bill go over.

The PRESIDING OFFICER. On objection of the Senator from Utah the bill will be passed over.

The bill (S. 3515) for the relief of the New Jersey Shipbuilding & Dredging Co., of Bayonne, N. J., was announced as next in order.

Mr. FLETCHER. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over on objection of the Senator from Florida.

The joint resolution (S. J. Res. 253) proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and providing for the election of President and Vice President by direct vote, was announced as next in order.

Mr. LODGE. Let the joint resolution go over.

The PRESIDING OFFICER. On objection of the Senator from Massachusetts the joint resolution will go over.

The bill (S. 2792) for the relief of John L. Livingston was announced as next in order.

Mr. FLETCHER. I think the bill had better go over. The Senator introducing and reporting the bill is not here.

The PRESIDING OFFICER. On objection of the Senator from Florida the bill will go over.

The bill (H. R. 7658) to amend the act approved August 25, 1919, entitled "An act for the relief of contractors and subcontractors for the post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes," was announced as next in order.

The PRESIDING OFFICER. On objection of the present occupant of the chair the bill will be passed over.

MARINE HOSPITAL RESERVATION, CLEVELAND, OHIO.

The bill (H. R. 11040) to amend an act entitled "An act authorizing the sale of the marine-hospital reservation in Cleveland, Ohio," approved July 26, 1916, was considered as in Committee of the Whole, and was read as follows:

Be it enacted, etc., That the second paragraph of the act entitled "An act authorizing the sale of the marine-hospital reservation in Cleveland, Ohio," approved July 26, 1916, be amended by striking out after the word "therefor" the words "within a limit of cost of $400,000, and the balance of the proceeds of the sale shall be paid into the Treasury as miscellaneous receipts" and insert in lieu thereof the following words, "and the Secretary of the Treasury shall with the proceeds procure, by purchase, a site in or convenient to said city of Cleveland, Ohio, and erect thereon a suitable building for use as a United States Marine Hospital and other Government hospital purposes, the same to be in accordance with the designs to be prepared by the Supervising Architect to the satisfaction of the Secretary of the Treasury: *Provided,* That the cost of the site and construction of the new building shall not exceed the sum realized from the sale of the present building and site: *Provided further,* That after the sale of the present property it shall remain in the custody and control of the United States until after the completion of the proposed new hospital plant."

Mr. SMOOT. Will the Senator from Ohio [Mr. POMERENE] give a short explanation of the bill? There is no report filed with it.

Mr. POMERENE. I have been somewhat familiar with this matter for a period of several years. The hospital was built probably 70 years ago or thereabouts, in what is now the central part of the city. One of the officers of the Health Department told me to-day that the building is now perhaps worth about $50,000 to $75,000, on a site which is worth a million dollars or more, and the place is not at all fitted for a hospital. The ground has advanced tremendously in value. It is anticipated that out of the sale of the land more than a million dollars can be obtained, and that would build a new hospital in an appropriate location in the city.

Mr. SMOOT. Is there a real necessity in Cleveland, Ohio, for a marine hospital?

Mr. POMERENE. Oh, yes; I think so.

Mr. SMOOT. That was the only thought in my mind in asking the Senator the question.

Mr. POMERENE. At this hospital they have taken care of the sailors in the Lake service and at the present time, I understand, they are taking care of some of the veterans. I saw the hospital not to exceed three weeks ago and I am sure that no Senator would say that it is in a proper place. It is not at all modern, and it would be very unwise to attempt to refit or reconstruct it on the present site. I have no doubt about that at all.

Mr. SMOOT. The only doubt I had in my mind was whether it was necessary to build a new hospital there.

Mr. POMERENE. Oh, I think so.

Mr. SMOOT. I understood the land is very valuable and that the present site is no place for a hospital. The only question in my mind was whether we would want to take the million dollars or more which we may get for the land and build a new hospital at this time.

Mr. POMERENE. I am sorry that I can not give the Senator the full details in that behalf, but I am perfectly clear in my own mind that the property ought to be sold.

Mr. LODGE. I take it that the hospital renders service for the Lakes similar to that rendered by our marine hospitals on the coast?

Mr. POMERENE. I think so.

Mr. LODGE. It seems to me it is a most meritorious and proper measure.

Mr. POMERENE. There is no doubt about it at all. I think it would be a waste of good money to have that large investment in land in a place which is wholly unfitted for hospital purposes.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

THE MERCHANT MARINE.

Mr. JONES of Washington. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. ROBINSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Assistant Secretary called the roll and the following Senators answered to their names:

Ball	Cameron	Curtis	Fletcher
Bayard	Capper	Dial	Frelinghuysen
Borah	Caraway	Ernst	Hale
Brookhart	Couzens	Fernald	Harreld
Harris	La Follette	Phipps	Sterling
Harrison	Lenroot	Pomerene	Sutherland
Heflin	Lodge	Ransdell	Townsend
Hitchcock	McCumber	Reed, Pa.	Trammell
Johnson	McKellar	Robinson	Underwood
Jones, N. Mex.	McNary	Sheppard	Wadsworth
Jones, Wash.	New	Shortridge	Walsh, Mass.
Kellogg	Nicholson	Simmons	Walsh, Mont.
Kendrick	Norris	Smoot	Warren
Keyes	Overman	Spencer	Weller
Ladd	Page	Stanley	Willis

The PRESIDING OFFICER. Sixty Senators have answered to their names and a quorum is present. The question is on the motion of the Senator from Washington that the Senate proceed to the consideration of House bill 12817.

The motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, which had been reported from the Committee on Commerce with amendments.

Mr. JONES of Washington. I ask unanimous consent that when the Senate closes its business to-day it take a recess until 12 o'clock to-morrow.

Mr. ROBINSON. I object, Mr. President.

The PRESIDING OFFICER. Objection is made.

Mr. JONES of Washington. Then I make that motion.

The PRESIDING OFFICER. The Senator from Washington moves that when the Senate concludes its business to-day it take a recess until 12 o'clock to-morrow. The question is on that motion.

Mr. ROBINSON. Mr. President, the motion now submitted by the Senator from Washington contemplates a very extraordinary proceeding. The bill which he presents for the consideration of the Senate has not been explained to this body; it has not even been read; and yet he is now asking to exclude the consideration of all morning business and to confine the deliberations of the Senate wholly to this measure. Frankly speaking, this is a bill that ought to be considered and discussed at length by the Senate. There is no justification before the bill has been read to hasten action concerning it. Such proceedings are calculated to provoke obstructive processes. There will be no disposition of this bill until the Senate has had an opportunity to give it full consideration and to discuss it fairly. While that is being done there is no reason or justification for precluding the consideration of morning business or the transaction of other business which it may be found necessary to bring before the Senate.

Many of our proceedings here are by unanimous consent; there are a large number of appropriation bills which must be considered and disposed of during the present short session; and I apprehend that the Senator from Washington himself within a very short time will be asking that the pending measure may be temporarily laid aside in order that the Senate may, by its process of unanimous consent, proceed to the consideration of some appropriation bill.

For my part, I have no disposition to cause the business of the Senate to be conducted in any extraordinary manner; but the Senator from Washington, it seems to me, should at least explain the bill and seek to justify it before he attempts to commit the Senate to a hastening-up process for its passage.

The bill is voluminous. As reported by the Commerce Committee of the Senate the bill contains some very far-reaching amendments. The bill passed the House of Representatives by a majority of only 24. Sixty-nine Members of the House who voted for the bill and constituted more than that majority have been defeated, and their places in the body at the other end of the Capitol, after the 4th of March, will be occupied by other Representatives. This bill in the form that it passed the House, if submitted to that body to-day, could not be passed if the Members who voted for it, although they had been defeated, sought in a direct way to reflect the will of their constituents.

I repeat, 69 Representatives in the House who voted for the bill have been defeated. Of course, it can not be said that their attitude in favor of this measure constituted the sole cause of their defeat, but there is not a Senator here who represents a constituency in the West or Middle West, there is not a Representative from the Middle West in the House who does not realize that the pending measure is unpopular with his constitutents. In that view of the matter the conduct of the Senator from Washington asking, before the bill has been read, that the Senate adopt an extraordinary course in reference to its consideration is explained. He wants to make certain that this bill, which has been repudiated by the American people in an election, shall be passed before those who have been elected to the new Congress shall have the privilege or opportunity of participating in its consideration. Every Senator and every Representative has the right, of course—indeed, it is his duty—

to reflect in his vote his conscientious judgment respecting measures that come before the Congress; but in a representative government, where issues and candidacies are submitted to the American people and voted for and determined by them, it is bad faith—it is inexcusable—to insist upon the precipitate determination of a measure which has been impliedly rejected by an expression of popular will.

If any Senator doubts that this measure is unpopular, why did the leader of the House of Representatives insist that the President subordinate his views concerning the subject to political expediency and consent to postpone the ship subsidy bill until after the election? Only one answer can be made—not to postpone it at that time meant the defeat of many Representatives allied with the majority side.

The bill was made an issue in the election; it was discussed in all the congressional districts during the campaign. It was in part, at least, responsible for the almost unparalleled change in representation in this body and in the body at the other end of the Capitol. The largest majority which the Republican Party ever had in the House of Representatives came near being converted into a minority in the election on the 7th of last November. No construction can be placed upon that election except that the measures and policies advanced and promoted by the party in power were unpopular and disapproved among the respective constituencies.

Now, the Senator from Washington, before he has said one word in explanation of his bill, seeks to commit the Senate to an extraordinary course in reference to its consideration. Why can we not go forward, consider, and discuss the bill in the ordinary way, at least for a reasonable time, until the Senate and the country have had an opportunity of understanding not only the proposals as originally presented but the new proposals reported by the Committee on Commerce in an effort to popularize the bill and bring to its support in this body the Senators on the majority side who had announced their purpose to oppose it in the form in which the committee first sought to bring it out.

The Senator from Washington no doubt proceeds upon the theory—

> If it were done when 't is done, then 't were well
> It were done quickly.

But the time has passed in American politics when measures which tax and burden the people of this Nation can be imposed upon them in conflict with their expressed will; the time has come when in this representative government men who hold their positions by the approval of the public must seek to reflect in a fair degree the intelligent, well-informed, and deliberate conclusions of their constituents.

Mr. HARRISON. Mr. President, I want to make a point of order against the motion made by the Senator from Washington [Mr. JONES]. The Senator's motion, as I understand, was that when the Senate recess this afternoon it recess until to-morrow at 12 o'clock.

Mr. JONES of Washington. Not exactly that; that when the Senate shall conclude its business to-day it recess until to-morrow at 12 o'clock.

Mr. HARRISON. That is in substance what I stated. I submit that Rule XXII lays down the order of business, and that the first motion that is in order is a motion to adjourn. This afternoon, when the Senate has concluded the consideration of this proposition, or whatever may be pending before it, a motion may be made to recess. If a motion is then made to adjourn, the motion to adjourn will take precedence over the motion to recess. Suppose, Mr. President, when the Senate concludes the consideration of business this afternoon, a suggestion of no quorum is made, and on the call of Members, a quorum is not obtained, in that event, it will be conceded, the Senate can only adjourn; a recess can not be taken. The only exception would be by a unanimous-consent order. That is not requested by the Senator from Washington [Mr. JONES]. His request is in the form of a motion. I submit that it is premature at this time, it is extraordinary, it is almost unprecedented, that a motion shall now be made that when the Senate has concluded its session this afternoon it recess until to-morrow; so I make the point of order that the motion is not in order at this time.

Mr. President, I do not want it to be understood that as one Member of the minority I am trying to delay the consideration of the ship subsidy bill. Personally, I shall not from now to the 4th of March, and I do not believe that any Senator on this side of the Chamber will, attempt unnecessarily and without good cause to delay the consideration of the ship subsidy bill. The country knows, however, that an extraordinary session of Congress was called by the President for one purpose, and that purpose was to consider the ship subidy bill. We met here day after day for two weeks, and during the whole time there was not a suggestion made, so far as the Senate is concerned, of the ship subsidy proposition. It was not presented. It was not hinted. The only suggestion that did come up during all of that time was the President's message to the Congress and the consideration of the subject by the House; but during those two weeks that the American taxpayer was burdened by enormous expenses through the calling of Congress into extraordinary session, what did we do? Only four things were done, and if a Senator on the other side of the aisle can suggest anything else that was done I shall pause to make amend.

One was a very extraordinary proposition, and one which the American people welcomed, namely, the swearing in of a woman, for the first time in the history of the American Congress, as a Senator from the State of Georgia.

Another was equally welcomed by the American people, and was more welcomed by some Senators on the other side of the aisle, and that was the resignation of Mr. Newberry as Senator from the State of Michigan.

The other two propositions that came before the Congress were matters that were not offered in good faith, that were attempted to be passed here in a sham battle in order to obtain colored votes throughout the country—the Dyer antilynching bill, which all Senators on the other side knew was dead the moment it was born, and the Liberian loan proposition, that had been debated in the Senate for weeks and weeks and weeks before we adjourned prior to the election in November. As to the latter measure, we saw Senators on the other side, like the King of France with 40,000 men, march up the hill and then march down again; and by votes furnished by the Republican majority the Liberian loan bill, carrying an appropriation of $5,000,000 as a loan to the colored population of Liberia, was sent back to the "sleep that knows no waking" in the committee where it had originated.

That is the fruit of the extraordinary session of Congress called by President Harding to meet and to pass the ship subsidy bill.

Mr. President, we know that we have but about two months and a half in which to pass the great supply bills that must run this Government for the next 12 months. It will be a very difficult task to give consideration to all these important measures and to adjourn by the 4th of March. I want to see the country next year be free from interference by virtue of an extraordinary session, provided we can pass the legislation for which we are called into session and which the American people desire. I want to see us get a rest for the first time in almost a decade; but you will not get a rest if you insist on laying aside the great supply bills to run this Government and put ahead of them and insist upon the passage of this infamous piece of legislation that will impose on the American people an additional burden of $875,000,000. So we see, as the distinguished Senator from Arkansas has pointed out, the chairman of the great committee having this bill in charge asking for the adoption of an extraordinary motion—that we shall have no morning hour; that when we recess we shall start on the consideration of this bill the first thing to-morrow; that supply bills may wait; that the distress among the farmers in the great Middle West may continue; that all the legislation may be ignored which the American people have been promised, and which the President of the United States only last week appealed to Congress to pass.

Oh, it was an extraordinary political message that he delivered. He was answering, in part, the voice of the American people as expressed last November. He was trying to still the tide that is continuing to surge over this country. He knew of—and I am glad that he had read—the report of the Joint Commission on Agricultural Inquiry, which for months and months and months labored, calling in from every part of the country the representatives of the farming interests, obtaining from every avenue statistics to show the condition and needs of the farmers in every part of the country; and this commission, nonpartisan as it was, was trying to do something for the farmers, seeing that the things which they needed and which were necessary to carry on their occupations were costing so much and increasing in price, while the price the farmers received for their products was going down, made certain recommendations. Among them was the creation in the Federal land bank system of an agricultural credit system, in order that the farmers might borrow for three years, if necessary, money with which to operate. For almost a year that matter has been before the Congress. We have not heard a whisper from any part of this Government urging us to pass it; but when the farm bloc and the American farmer became aroused then it was that the President incorporated in his message the sug-

gestion that this was a splendid piece of legislation, and that it should be enacted into law.

The ideas as expressed in that bill will be enacted into law. It will be enacted into law during this session of Congress. I do not care with what enthusiasm you start out on the ship subsidy bill; I do not care how unanimous you may be for it on the other side of the aisle, a motion will be made, even if I have to make it myself, under the rules of the Senate, and you will be put on record to say by your votes whether you would rather continue the consideration of the ship subsidy proposition giving to the Shipping Trust this special privilege of $875,000,000, at the expense of the American taxpayer, or take up an agricultural credits system that will help the farmers of the great Middle West and Southland of this country. So make up your minds now what you are going to say by your votes and how you are going to respond to your constituents, who need help more than the Shipping Trust needs it.

When this motion is made, to which you will have to answer, another motion will be made, even if I have to make it myself, and then we can see in this body who are the friends of the great western country and who are the friends of the Shipping Trust who are seeking to gouge the American taxpayer by increased taxes through subsidizing the Shipping Trust; and that is the bill that was reported out of the committee months and months ago, and which has silently slept, and no hand has lifted it up, no voice has been raised to create enthusiasm in the American Congress to pass it—the McNary irrigation proposition.

You men from the West bear in mind, now, that a motion will be made to proceed to the consideration of that bill, which means so much for the reclamation and the irrigation of the great western country. You will be called on to vote, and you can take your stand on whether or not you are going to vote for the shipping interests of the country, that for years have gouged the American shippers in high, conscienceless, and extortionate rates, enriching themselves at the expense of the American shippers, that you now seek by this bill further to perpetuate in their riches by subsidies that will increase the burdens on the American people. The West must answer; their representatives in this body will be called on to respond; so I am unwilling to start out in this proposition by seeing this exceptional motion made that when we have concluded the deliberations of to-day we shall recess until to-morrow.

I submit, Mr. President, that the motion is not now in order. It will be in order when we get ready to recess or adjourn this afternoon. When the motion to recess is made, a motion perhaps will be made to adjourn, so that the orderly business that is on the calendar can be passed if there is no objection made, and so that this Congress can at least give some relief to the American people, rather than to constitute itself a citadel for the protection of these gouging shipowners whom we saw increase the rates from 1914 on through the years until in some instances they had reached 2,000 per cent.

I make the point of order against the motion made by the Senator from Washington.

Mr. FLETCHER. Mr. President, I hope the Senator from Washington will not press his motion. If a point of order is raised, it would involve a motion to adjourn, and that would have precedence over a motion to take a recess. But the Senator will not gain any time of any consequence if we take a recess. If we adjourn until to-morrow at 12 o'clock there will be morning business, which probably can be disposed of in 15 or 20 minutes, and probably there would not be a delay of more than 20 minutes involved between a recess and an adjournment.

If a recess is taken it will have all the appearance of forcing and crowding unnecessarily and unduly the consideration of the pending bill. A number of Senators on this side have stated to me that they not only desire to hear all the discussion and the debate regarding the measure, considering it to be of great importance, but that they themselves wish to discuss the measure and for the first time this morning they have been advised of the character of the bill. They have not yet had an opportunity to read the reports on the bill or to read the bill and the amendments which have been reported to it and it seems to me to be seeking to unduly crowd things to ask that the bill shall be kept constantly before the Senate every minute until it is voted upon. It is due Senators who wish to be thoroughly advised regarding the merits of the different proposals involved in the bill that they shall have an opportunity to consider it.

It is true the measure was introduced last April in both Houses of Congress but the proposition now before the Senate is entirely different from the bill as originally introduced in this body and as originally introduced in the other body. The bill as it was finally acted upon in the other body is entirely different from the bill then referred to the Commerce Committee as having passed the other body and the bill reported by the committee is entirely different from the measure which went to that committee.

Those are all matters Senators are entitled to know about and to have a few hours at least to consider before they are pressed into either discussing or voting upon the bill. I submit that it would be unnecessarily crowding the measure now, and depriving Senators of the proper time to consider and reflect upon and study what is involved in it, to call upon them either to debate or to vote upon the various propositions involved.

I say again that this morning for the first time the bill was laid upon the desks of Senators, with the amendments proposed by the Commerce Committee. For the first time this morning the majority report and the minority views are upon the desks of Senators. They have not had time to read either. Yet it is proposed now that the Senator from Washington shall explain the bill from his standpoint, and then that we shall recess so that we will be obliged to take it up the first thing in the morning.

I submit that the Senator ought to be willing that we adjourn to-day and meet at 12 o'clock to-morrow, and that there is not enough involved in the mere saving of time by recessing to justify this attempt to unduly press and crowd the Senate into the disposition of the measure. If the Senator insists upon his motion, I shall have to move an adjournment, which would take precedence over his motion to take a recess.

Mr. McKELLAR. Mr. President, I hope the Senator from Washington will withdraw his motion. This is a very important measure, and it is going to be considered by the Senate. We might as well make up our minds to that. It is going to be debated, it is going to be debated fully, and it is going to be debated freely. We all might as well understand that.

I think upon reflection the Senator will feel that we should not be asked to go into a continued consideration of a bill we have not had time to go over, without any explanation having been made or offered about the bill, before the bill has been read.

Those of us who are not on the committee and have been very busy on other things have not had time to go over it as fully as we should, and we want to go over it. I am engaged in that matter now, speaking for myself, and I am sure the Senator will not gain any time for his measure by forcing his motion. I hope he will withdraw the motion. I can assure him he will not gain time. I can give him the assurance that he will lose time if he insists upon the motion.

Mr. JONES of Washington. Mr. President, I desire to say to the Senator that that has no effect, as far as I am concerned. But I do want to say that it is not the intention, of course, by taking the recess proposed, to cut off consideration of the bill. I did not expect to do that; I knew I could not do it; and I have no hesitation in saying now that if no one were ready to speak to-morrow and Senators should ask that the bill go over until the next day to give them time to make preparation, there would not be any objection to that. The only idea is to follow the course we usually adopt in reference to a measure of such importance. We know how often time is taken up in the morning hour, I do not like to say unnecessarily; yet Senators know it is. That is the only reason why I made the motion.

We have disposed of the morning business to-day. Possibly there would not be very much time taken up to-morrow in routine business, and possibly in 15 or 20 minutes we could get the bill before the Senate. The Senator knows that matters of that kind are always permitted to come up by unanimous consent. If a Senator wanted to introduce a bill or present a petition or submit a report, no objection would be made. The only purpose of this motion is to enable us to start out to-morrow with this bill before the Senate. Of course, we all know that that would not prevent Senators from talking about any matter they desired to talk about. Possibly it would not gain any time; it certainly would not deprive anybody of any opportunity to discuss this measure or any other measure he desired to discuss.

Mr. STANLEY. Mr. President——

The PRESIDING OFFICER. The present occupant of the chair is ready to decide the question of order raised unless Senators desire to be heard further upon it.

Mr. STANLEY. Mr. President, the motion that this bill, palpably promoting the shipping interests of the country in behalf of a few men disposed to get rich operating ships, should take precedence over great supply bills, admittedly in the interest of all the people, is most instructive, not only on account

of its vital relation to the people in so far as this bill is concerned, but because it marks a great change in our attitude toward legislation.

How far, oh how far, have we drifted in a few short years! When I look back over the dim vista of the past, and see through the lapse of a century the twinkling of a faint light that once illumined the paths of all patriots and all parties, I am filled with regret and almost with despair.

I have read somewhere, or heard it read—I do not want to be too sure in quoting these forgotten and musty documents, long since thrown into the limbo of things that were; but somewhere, at some time, it strikes me there was once a patriotic soul who wrote what at the time was a rather conspicuous and illustrious document, about which I have read, or heard somebody read—I will not be too sure—strange as it may seem to us, inexplicable as it may seem to us, he said certain things which at that time were considered aphorisms. For instance, he talked about "equal rights to all and special privileges to none."

Mr. BORAH. Who was that?

Mr. STANLEY. Oh, do not ask me. Poor deluded soul, he is dead. Now, we know how asinine was such saying, how silly for the Government to talk about equal rights to all and special privileges to none. Now we know that a wise Government provides special privileges for all and equal rights to none.

The purpose of this Government is to give any organization, any clique, any combination that is strong enough, a good, wholesome graft on the Federal Treasury, and it is the privilege of these poor, disorganized creatures who do not belong to any organization, who do not affiliate with any clique, who are simply citizens, to be plundered, to be plucked, to be forgotten, to be despised.

That same strange man, who is dead, sleeps now out on a mountain side in Virginia. They carved upon his tomb, at his own request, not what the people did for him, although they made him governor more than once, a leader of the legislature, a minister to France at a most crucial hour, a Secretary of State, a Vice President, twice a President, and, like those "sceptered sovereigns who still rule our spirits from their urns," this mighty man dominated the destinies of America for a quarter of a century. But now, alas, notwithstanding these somewhat remarkable performances, he is dead and forgotten.

On one occasion he wrote an instrument which at the time was actually read by the people generally and adopted by this country. We hold a sort of a holiday in commemoration of the adoption of that strange document, in which—think of it, my fellow Senators—he actually said that men were endowed by their Creator with certain "inalienable rights" to life, liberty, and the pursuit of happiness, and that all governments were instituted among men, not to confer, not to restrict, not to deprive, but to preserve those rights; and he held it actually to be self-evident, he did not need to prove it, that the only province of any government on earth was simply to see that individuals, men—because they were created a little lower than the angels—yea, higher than the angels, for they who come up through great trials and tribulations are above cherubim and seraphim, men clothed with no other majesty than their naked manhood, dependent upon no political combination, identified with no clique or combination, supported by no organization—just men and citizens—that they had rights given them by God, not by government, and that it was not the province of any government on earth to invade them. He went further in his strange document and said that whenever any government on earth imperiled those inalienable and God-given rights it was the province and duty of that people to destroy or to change that government.

That was the idea which subsisted 100 years ago, before we learned that the province of government was to supply special privileges to all and equal rights to none, before we learned from Prussia, before we learned from the dead and buried autocracies of the past, that individuals had no rights which a coterie of self-constituted censors and uplifters might not imperil and destroy. And now to cap it all, to prove it all, to establish it all, to bury Jefferson and the Declaration of Independence and all that they stood for who believed in the rights of men and the duty of government to attend to all men's business before it attended to a few men's profits, the chairman of the committee proposes here that our duty to all the people, bills that affect all the people, shall be laid aside, unless we agree by unanimous consent to consider the public generally, in this effort to foster the fortunes of a handful of avaricious, profiteering millionaires. Do it if you will, and then let some Senator for consistency's sake ask unanimous consent that in the future we cease to celebrate the Declaration of Independence, and on the Fourth of July let the banners flaunt, let the guns boom, let the trumpets resound, let the multitude rejoice, let glad orators proclaim a new era when special privilege has the right of way in the Congress of the United States.

The PRESIDING OFFICER (Mr. McNARY). The Senator from Washington [Mr. JONES] has moved that when the business of to-day is concluded the Senate shall take a recess until to-morrow. The Senator from Mississippi [Mr. HARRISON] has raised the point of order against the motion that it is not now in order. The present occupant of the chair, under Rule XXII, takes the same position as the Senator from Mississippi, and declares that the point of order is well taken.

Mr. JONES of Washington. I ask unanimous consent that the formal reading of the bill may be dispensed with.

Mr. FLETCHER. I object. I think the bill should be read in full.

The PRESIDING OFFICER. Objection is made by the Senator from Florida.

Mr. FLETCHER. Let us have the bill read, and the report read, too.

The PRESIDING OFFICER. First the bill will be read.

The reading clerk read the bill.

Mr. JONES of Washington. Mr. President, I do not desire to delay the consideration of the bill, but the Senator from Florida [Mr. FLETCHER] coupled with his request the reading of the report. He is not present, and I do not want to take any advantage of his absence.

Mr. ROBINSON. The Senator from Florida stated to me before going to the restaurant for a few minutes that he desires to have the report read.

Mr. JONES of Washington. He announced that as a part of his request. So I suppose the report will have to be read.

The VICE PRESIDENT. The Secretary will read the report.

The reading clerk read the report, as follows:

AMEND AND SUPPLEMENT THE MERCHANT MARINE ACT, 1920.

[Senate Report No. 935, Sixty-seventh Congress, fourth session.]

Mr. JONES of Washington, from the Committee on Commerce, submitted the following report, to accompany H. R. 12817:

The Committee on Commerce, to whom was referred the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, having considered the same, report favorably thereon with the recommendation that the bill do pass with the following amendments:

On page 3, line 15, after the word "sell," strike out the word "such"; and after the word "vessels," in the same line, add the following: "operating on routes established by the board prior to the enactment of this act."

Page 3, line 16, after the word "who," insert "in the judgment of the board."

Line 24, after the word "sales," insert the words "and its assignment."

Page 7, line 8, after the word "appliances," insert the following:

"*Provided*, That this section shall not apply to the construction or equipment of vessels by corporations or individuals primarily for the purpose of transporting their own products."

Page 8, strike out lines 3 to 16, inclusive, and insert in lieu thereof the following:

"SEC. 24. That all mails of the United States shipped or carried on vessels shall, if practicable, be shipped or carried on vessels documented under the laws of the United States which are not ineligible under subdivision (c) of section 406 of the merchant marine act, 1922, to receive compensation under Title IV of such act (hereinafter in this section referred to as 'qualified vessel'). No contract hereafter made with the Postmaster General for carrying mails on qualified vessels shall be assigned or sublet, and no mails covered by such contract shall be carried on any vessel not so qualified. No money shall be paid out of the Treasury of the United States on or in relation to any such contract for carrying mails on qualified vessels when such contract has been assigned or sublet or when mails covered by such contract are in violation of the terms thereof carried on any vessel not so qualified."

Page 9, strike out lines 5 to 25, inclusive.

Strike out all of pages 10, 11, 12, 13, 14, 15, 16, and down to and including line 21 on page 17.

Page 17, in line 23, after the word "Sec.," strike out the figures "203" and insert "201."

On page 19, change sections 204 and 205 to 202 and 203, respectively.

On page 22, strike out lines 20 to 23, inclusive.

Page 23, line 16, after the word "qualified," insert "except after a public hearing."

Line 24, same page, after the word "months," insert a colon and add the following:

"*Provided*, That no contract made hereunder shall extend beyond a period of 15 years from the date of the enactment of this act."

After the preceding amendment, insert a new subdivision to read as follows:

"(c) The board shall not enter into any contract for the payment of compensation, or increase the rate of compensation fixed in any contract, unless it is satisfied that the amount payable under such contract in any fiscal year, plus the total amount payable in such year under other contracts for compensation, will not exceed the sum of $30,000,000."

On page 24, line 1, strike out "(c)" and insert "(d)."

In line 7, same page, strike out the words "authorized to be" and insert the word "permanently."

Line 9, after the figures "416," insert a comma and add the following: "subject, however, to the proviso to paragraph (c) in section 410."

On page 27, in line 9, strike out the figures "500" and insert "1,000."

Page 34, in line 15, after the word "least," strike out the figures "75" and insert "50."

On page 37, at the end of line 15, after the word "paid," insert a semicolon and the following:

"*Provided*, That no expenditures shall be made from the merchant marine fund because of any increased compensation granted under the terms of paragraph (c) of section 410 except out of the appropriations made annually therefrom by Congress."

On page 45, after line 25, add the following:

FINAL DETERMINATION OF AMOUNT OF COMPENSATION.

"SEC. 418. The determination of the board as to the amount of compensation to which any person is entitled under the provisions of this title shall be subject to review by the General Accounting Office."

We have made a few substantial changes in the bill as it passed the House.

The exemption provisions contained in sections 201 and 202 have been stricken out because, under present circumstances, no substantial results will be attained under them.

The amount of compensation that may be paid in any one year is limited to $30,000,000. The Shipping Board estimates that when this amount is reached we will have 7,500,000 tons of shipping privately owned and operated under the American flag, carrying over 50 per cent of our commerce.

The provision in the House requiring specific appropriations from the merchant marine fund to be made annually by Congress has been stricken from the bill. This is vital to its success. One main object of the bill is to bring about the purchase by private parties of the ships owned by the Government. This will require capital which must be secured from banks and those who are willing to invest in shipping securities. This can not be borrowed by proposed purchasers and operators of the ships if there is the least uncertainty of the payment of the compensation provided in the bill. By reason of the changing of the political complexion of Congress, and because of the bitter opposition to aid of this kind to shipping, no man would loan his money upon security of this kind, and thus one of the great purposes of the bill would be defeated. The committee does recommend an amendment preventing any money from being paid out of the merchant marine fund to increase the compensation provided in any contract except under a specific appropriation by Congress for such purpose. This, we believe, is as far as we should go in this direction.

We provide that no contracts for compensation shall extend beyond 15 years from the enactment of the law. It will take from 3 to 5 years to get all the good ships of the Government into private hands, and so under this limitation a large part of the compensation contracts are not likely to run more than 10 years. We will have a permanent merchant marine in that time or we will know what is needed further to secure one or that we can not have one.

The other changes in the bill are of a very minor kind.

The substantial objections to the bill are summarized in the minority report of the House committee on this bill. They are urged against it now and concise and specific answers in the same may not be amiss in this report.

1. Without pointing out that the $3,000,000,000 cost of the Emergency Fleet Corporation's activities included transportation projects, housing projects, plant equipment, shipyards and dry docks as well as ships; that even the expense for ships included the cost of wooden, concrete, and composite fiascoes, and that such a cost, representing as it does the necessarily extravagant outlay inevitable in the creation during war's emergency of something which should have been provided gradually and without haste in peace time, the point still may be made that there is no real relation between the war-time outlay of the Emergency Fleet Corporation and the present measure.

This measure would be necessary and probably would be only slightly modified if we had no fleet at all to-day. Our problem is primarily to provide for the future; the element of salvaging as much as possible from the existing Government fleet is only secondary.

Had we had an intelligent merchant-marine policy prior to the war, we should not have been called upon to build overnight a fleet, for we would have had the necessary ships at a tithe of the expense we incurred during the war for their construction.

Further, from the standpoint of salvage alone, it may be stated that whatever amount is realized from the sale of vessels under a program of Government aid will be greater than we can expect otherwise, as few ships can be sold under present conditions.

The statement made by the opposition that we will give the ships away and then pay $500,000,000 in subsidies is of course erroneous. We are not giving any ships away, but are selling them, as we must, at the same price at which an owner can buy similar ships anywhere. We will not pay in direct aid, assuming that we sell all the Shipping Board vessels presently active, more than eight or nine million dollars to those ships, plus five or six millions to existing privately owned ships. By the outlay of this eight or nine million dollars we will not only realize from the sale of the active ships but we will end the expensive governmental operation which is now costing us $50,000,000 annually. In other words, we will save $40,000,000 a year and will cover into the Treasury the proceeds from the sales of these active ships. Whatever else we pay will be conditioned on the creation in American yards of new and desirable vessels.

2. Construction loan fund: The provisions in the present bill are only a modification of the construction loan fund in the act of 1920. The present bill makes this available as it accrues instead of limited to $25,000,000 a year. As modified in the House, a minimum rate of 4¼ per cent has been fixed. This fund will be necessarily limited in its application and will apply particularly to aid the construction of especially costly and desirable types of vessels or the reequipment of existing vessels with pioneer types of machinery. Its provisions therefore are in no way analogous to the farm loan act.

3. Tax exemption: This is only a half truth. For a limited time, eight years, shipowners are exempted from the payment of taxes upon profits made by ships in foreign trade provided the amount of tax so waived is invested, together with an equal amount of the owner's private capital, in new construction, or is set aside in trust for such purpose. In other words, to secure this exemption the shipowner must double the amount exempted and invest it in American-built ships.

Similarly, for eight years, profits from sales of pre-war ships (built before January 1, 1914), are exempt from tax provided the entire proceeds from the sale are invested in new tonnage built in American yards and of a type approved by the Shipping Board.

4. Freight rates: Contrary to the above statement being true, the entire basis of the proposed bill was that of cheaper ocean freight rates for American products. The great keynote was the guaranty of adequate transportation. In almost every argument on the subject the chairman of the Shipping Board and others pointed out the greater cost of an uncertain transportation system. In depending on foreign bottoms our farmers and manufacturers may enjoy reasonable rates during normal times, but the moment abnormality enters their adequacy of transportation is interrupted and rates go sky-high. If carriage can not be obtained at any price or only at prohibitive rates, it is obviously the most expensive transportation conceivable. With adequate American tonnage in normal times American ships would have to meet foreign competition and thus rates would be held at a reasonable level; and in abnormal times, by governmental control or otherwise, the permanent services should be insured against disruption.

It is impracticable to control freight rates in the foreign trade charged by the American ships where similar control can not be exercised over their competitors. The bill does provide for most careful control of freight rates by the Shipping Board on vessels engaged in interstate commerce ships restricted to American flags.

5. Term of the contract: The 10-year period of the contract in no way prevents a repeal of the act by subsequent Congresses. It does give a guaranty for contracts that may have already been entered into, because without such guaranty it would be unsafe for any company to enter into contracts requiring heavy commitments whose duration was based upon the political complexion of the Government. In adopting the 10-year basis the Shipping Board is only given powers which have heretofore been granted to the Post Office Department, as, for example, in the ocean mail act of 1891, which authorized the Postmaster General to contract for a period up to 10 years for the carriage of mails.

6. Permanent appropriation: The objected-to requirement has been changed in the bill as it finally passed the House, and the Shipping Board will have to appear before Congress and obtain appropriations. While it is questionable whether this will not in a large measure defeat the purpose of the bill, this change nullifies the minority's objections.

7. Powers conferred on the Shipping Board: The merchant-marine problem is a large problem. Some organization must exercise large powers with respect to it. Congress created the Shipping Board to further the interests of the merchant marine. The minority might advocate the location of the vested powers elsewhere than in the Shipping Board, but it can not do away with the number and extent of responsibilities that some organization in the Government must exercise. Under the existing law that organization should be the Shipping Board.

8. Report by Shipping Board: In the organic act creating the Shipping Board, the shipping act of 1916, section 12 requires that the board make an annual report to Congress on the 1st day of December each year, which shall include a summary of its transactions. The drafters of the bill felt that this would apply to all subsequent duties imposed upon the board and did not believe it necessary in each piece of legislation to include a provision that the board should specifically report upon it. It may be pointed out that the merchant marine act of 1920 contains no provision as to a special report; indeed, its provisions have always been duly noted in the annual report of the board. In addition to this, all Members of Congress are well aware that a Government organization is always subject to the wishes of Congress, and even individual Congressmen, as to the furnishing of information. Volumes have been printed of testimony at hearings before various congressional committees concerning the work and transactions of the Shipping Board.

However, to remove even an erroneous supposition there has been inserted a clause requiring specifically the report referred to.

9. Salaries of executives: While it is true that salaries of the executives in the shipping industry, as in all other industries, are higher than the governmental standard, it is not true that these are high in proportion to the size of the enterprise and the amount invested therein.

There are literally thousands of employees in industry all over the country earning annual salaries ranging from $25,000 to $100,000 per year, and in some instances more than the latter amount; and yet the Government hesitates to pay $25,000 per annum to the best available and most experienced practical shipping men who are conducting for the Government the operation of the largest fleet and one of the greatest enterprises in the history of the world.

As to the statement that no large salaries are paid in Great Britain, with few exceptions, the statement is incorrect in general, and where, in the case of certain tramp lines, it is true, it is because of the peculiar organization of such companies where the stockholders are really bondholders, and the executive staff hold all the common stock and receive, instead of large salaries, the greater part of their remuneration by retaining all profits after the modest interest of 4 to 6 per cent has been paid upon the debentures.

10. Compensation to industrial carriers: As passed in the House, the bill does not grant direct aid to any industrial carrier where such carrier is engaged in transportation of its own products. This change nullifies the minority's objection. The change, however, is not sound from the standpoint of the best interest of our merchant marine. If the purpose of the bill were in any way to insure a profit to shipowners the point might be taken that the great industries, as the oil companies, the steel companies, and the fruit companies, who chiefly own their own carriers, were in no need of aid, although it should be carefully noted that profits earned by these companies are earned on their shore properties and probably in no way flow from their maritime holdings.

However, the bill is not to guarantee nor to insure profits. The bill is to encourage companies to invest in ships built in American shipyards, registered under the American flag, and manned by American crews. Under existing laws there is nothing which prevents these companies from securing their vessels in the cheapest markets, operating them with the cheapest crews, and flying over them such flags as they see fit. It is natural that since we wish to encourage American capital to invest in American ships we should be particularly anxious that the industrial companies so invest, since they are by far the greatest individual shipowners.

Before the war practically all the above-mentioned groups had their ships under foreign flag. One of the first acts passed by our Congress after the outbreak of the World War was that passed August 18, 1914, permitting the transfer of these American-owned foreign-flag vessels to American registry. By so moving we secured to the American flag 160 vessels, most of which were under the British flag. Had Great Britain issued a requisition order immediately on the outbreak of the war, as she did subsequently, the transfer of these vessels would have been impossible. As it was, those which were under the German flag were interned for the period of the war.

Denial of aid to the industrial companies whose ships cost just as much more to build in this country, whose wage differential is just as great, and who are just as free to employ foreign-flag ships as any

other American owner, will result in these companies seeking transfer of their existing ships and securing their future additions abroad and operating them under foreign flag. This is shown in the policy followed since the war by the United Fruit Co., which has added since the war 11 new steamers to its fleet, all valuable passenger and refrigerator types, but each one built in England and flying the British flag.

The following are the majority reports in the House, one on H. R. 12021, the bill as originally reported, and the other the supplemental report on H. R. 12817, this bill:

[House Report No. 1112. Sixty-seventh Congress, second session.]

Mr. GREENE of Massachusetts, from the Committee on the Merchant Marine and Fisheries, submitted the following report to accompany H. R. 12021.

The Committee on the Merchant Marine and Fisheries, to whom was referred the bill (H. R. 12021) to amend and supplement the merchant marine act, 1920, and for other purposes, having considered the same, report thereon with the recommendation that it do pass with the following amendments:

Page 24, line 14, strike out the following: "and for the purpose of section 206."

Page 26, strike out lines 15 to 25 and lines 1 to 4 on page 27, and insert in lieu thereof the following:

"(5) Carries a crew (exclusive of licensed officers required by law) at least two-thirds of which are citizens of the United States, and the remainder of which are individuals eligible to United States citizenship. During the first year after the enactment of this act the required number of citizens of the United States shall be one-half instead of two-thirds; and, during the second year, six-tenths instead of two-thirds. In the case of passenger vessels the provisions of this paragraph shall apply only to the deck and engine departments. If the vessel is deprived of the services of any member of the crew by desertion, casualty, or other cause beyond the control of the master, in any port outside of the United States or on the high seas, the right of the vessel's owner to compensation, during the period prior to the next arrival of the vessel at a port in the United States shall not be impaired by failure to comply with the provisions of this paragraph, provided the owner and master of the vessel exercise reasonable diligence to procure the necessary individuals to comply with such provisions. If the vessel is outside the United States at the time of the enactment of this act, or on the first day of the second or third year after the enactment of this act, the owner shall not be required to comply with the provisions of this paragraph applicable to such year until her first arrival at a port in the United States, if he complies with the provisions of this paragraph applicable to the previous year."

Page 53, line 22, insert at the end of the line the following: "unjust discrimination between ports of the United States or commerce accustomed to move through such ports, or in."

The following statement is divided into three parts, as follows:

Part I.—General consideration.

Part II.—Synopsis of the bill.

Part III.—Discussion of important features of the bill.

Part I.—General considerations.

HISTORY OF THE BILL.

On February 28, 1922, the President delivered to a joint session of the Senate and House of Representatives his memorable message on the American merchant marine.

On the same day Senate bill 3217 was introduced by Senator JONES of Washington, chairman of the Senate Committee on Commerce, and H. R. 10644 was introduced by Mr. GREENE of Massachusetts, chairman of the House Committee on the Merchant Marine and Fisheries. These were identical bills.

An arrangement for joint hearings was entered into between the Senate Committee on Commerce and the House Committee on the Merchant Marine and Fisheries. Sessions were held beginning on Tuesday, April 4, and continued practically without interruption daily until Friday, May 19. During this period of 45 days the whole program of proposed legislation was gone into most exhaustively, 35 witnesses being heard and cross-examined. It is noteworthy that of this number 28 appeared generally in favor of the proposed legislation, while only 7 witnesses appeared in opposition.

The record contains references to a total of nearly 200 resolutions passed by commercial, civic, and labor organizations indorsing the principles of the proposed bill and only 8 in opposition thereto. Of the latter, a number indicated only qualified disapproval, based on certain features of the bill H. R. 10644. These features have been, as far as practical, modified in H. R. 12021 in the endeavor to meet the objections thus expressed. The indorsements show that the interior States, which in past years have shown little interest in development of the American merchant marine, are more interested in the present measure than even the States on the Atlantic and Pacific coasts.

An elaborate opening statement was made by Chairman Lasker, of the Shipping Board, which appears in the record beginning at page 2. This statement your committee recommends to the serious consideration of those Members of Congress who would like to review an authoritative and comprehensive statement and analysis of the problems affecting the United States Shipping Board and the American merchant marine.

The bill upon which this is a report (H. R. 12021) is based upon the general principles contained in H. R. 10644, taking into consideration the voluminous record of the joint hearings and the facts brought out therein, and of such other facts and data as have been adduced at previous hearings and in studies relating to the vital problem of the successful and permanent establishment of an adequate American merchant marine.

NEED OF A MERCHANT MARINE.

Little time should be spent in arguing for the imperative necessity in war as well as in peace of an established and well-balanced national merchant marine. The enlightened statesmanship of every progressive nation having access to the sea strives for this as a desideratum for national security and national welfare. Those impractical theorists who are willing to see the bulk of our foreign commerce carried under the flags of other nations must also be willing to rely upon combatant ships and naval auxiliaries of other nations for the protection of our shores and our foreign trade in time of war or national emergency.

The President in his message well stated the necessity of the merchant marine from the standpoint of international trade and international safety when he said, "We can not hope to compete unless we carry, and our concord and our influence are sure to be measured by that unfailing standard which is found in a nation's merchant marine."

It is a well-recognized fact that the countries having large merchant marines have an advantage in international trade. This is due chiefly to the fact that ships are not only a necessary facility of foreign trade, but that they are one of several interrelated agencies that cooperate in making foreign trade successful and profitable. International commerce on a large scale under the present conditions of competition requires a world organization of industry, trade, and shipping. This organization begins with manufacturing and includes merchandizing, international banking, marine insurance, ship brokerage, freight forwarding, and the construction, ownership, and operation of vessels. When this interrelating organization has been completely developed, as it has been by the people of Great Britain, foreign commerce can be carried on under the best of conditions. If shipping under the national flag is absent from the organization, or negligible in amount, the organization is ineffective. Shipping under the national flag and an adequate tonnage of vessels of different types are an absolutely essential part of the trade facilities and organizations for world-wide commerce.

The United States has long since ceased to be a self-sufficient nation. Without the sale abroad of our surplus annual production, estimated at 25 per cent of the total, many of our farms would have to be abandoned, factories closed down, hundreds of thousands thrown out of employment, all resulting in national retrogression and inevitable decay.

We can not depend upon the vessels of foreign nations to carry our surplus products to market because when we most need them they fail us. Foreign-flag ships are, of course, most anxious to carry our goods to market in ordinary times, and to collect and retain and carry abroad the fabulous amount involved in international carrying trade; but the purpose of fostering a national merchant marine is to have it available for national purposes in national emergencies; and the moment such a national emergency occurs the ships of foreign nations are immediately subjected to war-time orders by their own Governments, the sea lanes and carrying trade of the entire world are completely disarranged, and the nation with goods to export that must needs rely upon foreign-flag ships to carry its surplus finds itself in a sorry plight.

History affords abundant illustrations of such national predicament. We need only refer to the most recent example of international trade confusion caused by the Great War, in which our powerful Nation found itself in the humiliating position of being obliged to rely almost entirely upon foreign-flag ships for the carriage of our commodities. We were dictated to as to what goods would be carried, how, and when, and we saw countless millions of dollars of our surplus production stacked up along the railroads and on the wharves and docks, deteriorating and rotting. Such goods as were carried for us were carried at fabulous and excessive rates of freight.

The opportunity, born of conditions the result of the Great War, is here. Should we for any reason fail to take advantage of it, we shall deserve, and will surely have, the condemnation and censure of coming generations.

OUR PRESENT SITUATION.

The situation to-day is different from that obtaining on any previous occasion on which the question of aid to shipping has arisen. In other days, if the people decided that they did not wish a merchant marine, such decision settled the matter for the time. To-day it is not a question of whether we wish a merchant marine or not, for we have a merchant marine. It is not a question of subsidy or no subsidy, because to meet the Government's loss of $50,000,000 a year in the operation of our merchant marine the people are being taxed far beyond what would be needed were the ships brought into efficient commercial operation.

The question is, What shall we do with the fleet that we have, so that, with the least cost to the taxpayers, that fleet may be made of the greatest use to the country as a whole, both in peace and war? The alternatives are plain. Either make it possible for private enterprise to take this nucleus which we now have and add to it until it becomes a great and efficient entity, an American merchant marine, or refuse the relatively slight amount of aid necessary therefor and continue at a great expense the inefficient method of Government operation until the ships are worn out.

The purpose of Government operation, as clearly outlined in the merchant marine act of 1920, was that the Government might build up its trade routes until purchasers could be found ready to take over the ships upon established routes and with that necessary element, the good will of the shippers. Unfortunately, this policy has to a great extent worked to defeat its own purpose, for in the upbuilding of those routes the Government has operated ships, and in the operation of the ships has driven its potential customers off the seas. When a private American shipowner is competing with a private British shipowner, with all the handicaps under which the American owner suffers, his competitor is at least bound by the limitations of a finite capital. His resources are not endless, and he can not forever compete in a losing trade. When an American shipowner has to compete with his own Government, however, he has not only the foreign competitor but at the same time has in the field a competitor whose resources are, comparatively speaking, limitless. The result can not be in doubt. Continuation of a marine part Government owned and part privately owned simply means that the private owners will be driven out of business.

DISADVANTAGES OF GOVERNMENT OPERATION.

In some quarters there might be found those who would advocate this policy with a view to complete Government ownership and eventual direct operation of the ships. Such a policy would be more ruinous than the present system of governmental operation through agents, even though the Government in its bookkeeping can neglect many factors of cost for which the private owner must provide.

Successful Government operation, directly or indirectly, is an impossibility. Restrictions imposed by Congress upon salaries, methods, and policies, the pressing demands from varying sections of the country, prompted more by local interest than by a realization of the needs of the country as a whole, the limitations upon responsibility, and the fettering of initiative make governmental operation unthinkable where it is to be brought in competition with the operation of other ships not similarly handicapped.

In the Post Office, in the Army, or in the Navy Government ownership can prevail, because a monopoly is created. Even in the railroads, if the Government adopted a policy of State ownership, it could at least create a monopoly. With shipping it is entirely different. Our governmental merchant marine must ever be in free competition with the privately owned shipping of other nations of the world. No monopoly can be created either to bring efficiency to life or to

remove any comparative standard of its inefficiency. In the competition between Government ownership on the part of our Nation and the initiative and sense of responsibility concomitant with private ownership in other nations the fettered State-owned ships are foredoomed to failure.

These are demonstrable facts and present records bear them out. It is our object to carry the greater part of our commerce in vessels flying our flag, and by law the operation of Government ships is with a view that ultimately they shall be sold to private owners. At present, in spite of the most efficient operation that is possible under the limitations imposed upon the Shipping Board, we are not attaining the carriage of the greater part of the various forms of our commerce, and what we are carrying is chiefly due to the efforts of the Shipping Board and only achieved at tremendous loss. Were the board ships removed from the seas, we would lapse almost immediately to our pre-war standard as a maritime nation.

PROPORTION OF OUR TRADE CARRIED.

Our exports to overseas continents, excluding trade with the near-by West Indies and Central America, are now slightly more than three times our imports. Of these exports, foreign ships carried during the year 1921 an average of 71 per cent, while the American ship carried but 29 per cent, and only reached this figure by virtue of the large amount of coal exported in American ships during the British coal strike.

For a recent normal month foreign ships carried 76 per cent of our overseas exports, leaving 24 per cent to be carried in American ships. This 24 per cent measured our success in competing against foreign nations for the carriage of our products to the markets of the world. Of the 24 per cent, 19 per cent was carried in Shipping Board vessels and 5 per cent by private owners.

To carry this 19 per cent of our commerce costs the taxpayers of the United States $50,000,000 annually in direct operating loss. This does not take into account deterioration of the fleet, it does not include hull insurance, and it does not allow interest on actual or assumed investment. Worst of all, it is not providing for the future, for the Government will not again embark upon a campaign of shipbuilding, and the private owner can not build new ships of the types we need as long as he must meet not only his heavy operating costs but at the same time the competition of his Government.

Thus we come to the conclusions from which there can be no escape, that since Government operation itself is impossible and builds nothing for the future, since its continuance means the elimination of private operators, a method must be devised whereby the Government shall end its operation and the accompanying heavy losses by the sale of its fleet to private owners, as directed by the merchant marine act of 1920.

NEED OF AID TO SELL SHIPS.

At the present time there is, by and large, no market for our vast tonnage. Compared to the total tonnage built by the Government, practically no tonnage has been disposed of. After thorough consideration in January last the Shipping Board decided to sell its tonnage at world-market prices; and on its steel freighters, after careful investigation, it found this to be a minimum of $30 per ton for the best tonnage. So difficult is the situation for an owner of American tonnage to-day that even at these prices it has been able to dispose of but 100,000 dead-weight or 65,000 gross tons. Nor can we see any great hope of disposal of an appreciable part of the total tonnage we have unless, through Government aid, the difference between the cost of our operation and that of the foreigner is provided for, and thereby automatically the competition of wasteful Government operation removed.

By the extending of a moderate amount of national aid the maintenance of adequate American service under private ownership can be insured and the Government's heavy loss can be ended. Only by making private operation profitable can the Government find a market for its own tonnage. With such aid we can promptly dispose of our salable ships for private operation, get rid of our worthless tonnage and an annual operating loss of $50,000,000, give our people a better and more assured service on the seas than America has ever enjoyed heretofore, and successfully turn a war-time and war-built enterprise into a great instrument of peace-time profit and peace insurance.

HIGHER COST OF SHIPS BUILT IN THE UNITED STATES.

In normal times American ships cost to build approximately 25 per cent more than do vessels of the same type and size constructed in British shipyards. The reason for this lies almost entirely in the higher cost of labor in American shipyards.

Many years ago most of the materials entering into ship construction—the plates, angles, bars, and frames—were also lower in Great Britain than in the United States. To-day, however, on materials such as these, which are susceptible of quantity production, the advantage lies on this side of the water. For this reason previous measures admitting shipbuilding materials free of duty have not been of serious advantage in lowering the cost of an American ship. Items of equipment, in whose construction there is a great deal of labor still, are more expensive in the United States. Considering this, and also the fact that labor, whose cost constitutes one-half of the cost of the completed ship, receives twice as much in this country as abroad, the reason for the first-cost differential is obvious.

The amount of the first cost of the ship determines the annual carrying charge which the owner must meet. The interest on the money invested, the writing off for depreciation, and the insuring against current risk all are based upon the book value of the ship, which is originally fixed by the first cost. The three together involve an annual charge of from 15 to 20 per cent upon the book value of the vessel or, in the case of a new ship, her cost. If that cost be 25 per cent in excess of a British-built vessel, the owner of the American-built craft must annually set aside, out of the same amount of revenue as that accruing to the British ship, an excess amount ranging from 3 to 4 per cent of the cost of the ship. In the case of a passenger vessel costing in the neighborhood of $10,000,000 this would amount to a handicap to the owner of an American vessel of $240,000 to $320,000 per year. There is no practical way in which this differential can be lowered. It is simply a tax which the shipowner must pay for the privilege of having his ship constructed in the United States.

SHIPS AND SHIPYARDS VITAL TO NATIONAL DEFENSE.

Under present conditions there is no provision preventing Americans from having vessels constructed abroad for transfer to American registry, except that such vessels may not engage in coastwise trade. Such foreign-built vessels will be free, it is true, from the heavy handicap that American-built craft would be under, but no policy for the general interest of the United States could be more shortsighted than that of letting foreign nations build our ships.

Our shipyards, employing in normal times thousands of artificers, are already threatened with stagnation by the great curtailment of that naval construction which has always been their primary support. If we withdraw from them the chance to build our merchantmen, we will find in some time of bitter need that the art of shipbuilding has been lost to the country, and with it one of our most valuable elements of defense. The ability rapidly to repair damaged war vessels is too vital a national resource to jeopardize; the power of adding quickly in time of war to our fighting fleet is made more than ever important by the peace-time limitation imposed upon that fleet in the interest of national economy and by international agreement.

Indeed, it is a question whether the recent Conference for the Limitation of Armament has not made the possession of a merchant fleet, built in American yards, and manned as far as possible by American citizens, even more important to the United States from the standpoint of national defense than it is from the very vital ground of trade necessity. The commercial ships, as Secretary Hughes said, become important to a country in inverse proportion to the number of her fighting ships. At the hearings before the joint committees Secretary Denby made the statement:

"If we sank every ship of war in the world at this moment Great Britain would rule the world, beyond a question of doubt. Therefore, from the military standpoint, it seems to me that the creation of an American merchant marine is a vital necessity to our country."

The fleet which the American people built as a war-time measure, imposing though it is in number of ships and in total tonnage, is nevertheless of limited value to the country in time of war because of its lack of balance. Only 16 ships of more than 15 knots speed were built by the United States, yet speed in modern warfare is of vital necessity to the auxiliary vessel. The German ships seized in our harbors gave us a number of passenger vessels, but all of them are old and many of them are obsolete. Our fleet, therefore, is sadly lacking in fast passenger ships, one of the most desirable types that a merchant marine can furnish to the military forces in time of war. Great Britain has 262 vessels of this type with speeds in excess of 15 knots.

Even in ordinary cargo ships we have none, or almost none, that are capable of keeping with the battle fleet at sea. Nearly all the Shipping Board cargo ships have speeds of 10 knots or thereabout. Such ships carrying munitions for the fleet would either reduce the speed of the fleet itself to a very low point or would have to be separately convoyed by a large protecting force.

Our fleet is lacking in refrigerator ships necessary to carry fresh meat to feed our sailors or soldiers; is lacking in vessels suitable for transports; is lacking in ships which could be converted to airplane carriers; in fact, is lacking, broadly speaking, in everything except two types—slow-speed cargo vessel and bulk-oil carriers.

There can be no thought of a 5–5–3 naval ratio of fighting ships unless those fighting vessels are adequately supplemented by a commensurate fleet of merchant vessels suitable for conversion to the manifold types of auxiliaries which modern warfare demands. Without such a merchant fleet, whatever the paper strength of our fighting fleet is, its actual potency is measured by the character and extent of its left arm—the merchant marine.

DIFFERENTIAL IN WAGES AND SUBSISTENCE.

The committee had much testimony as to the extent of the wage differential between the crews of American vessels and those of foreign vessels. Apparently conditions at one time obtaining which required American vessels to carry much larger crews than did those of Britain have altered so that for practical purposes to-day the size of the crews is nearly the same. In the wages paid to individuals, and especially those paid the licensed officers, the superior American standard of living again exerts an unfavorable influence upon American owners. Whatever equaling effect the seaman's act may have in normal times toward establishing an international seaman's wage, it can not affect the pay of the licensed officers, who in almost all maritime nations must by law be citizens. It is in the wage of the officers that the greatest differential exists.

To-day, when there is a great surplus of shipping labor in this country obliged to take almost any wage offered, the differential between the cost of wages of the crew of an American cargo ship and that of a British ship of the same type is approximately 30 per cent of the total cost of wages, or for a medium-sized tramp about $10,000 a year. At present there is no requirement that any of the crew other than the licensed officers be American citizens, and less than 50 per cent are citizens. The higher wages are set by the higher wage standard of the country, it being axiomatic that wages are set by the standards at the port in which the men are obtained.

The cost of subsistence on board ships under the American flag also reflects the higher national standard of living. Under our statutes an American ship is required to provide food of such quality and quantity that in the cheapest possible markets the cost of the daily ration for an American crew is more than one-third greater than the cost of the British ration. It is for the country a proud boast that its seamen are better paid and better fed than are those of any other nation, but obviously the shipowner can not afford to bear the cost of such pay and of such food while he is competing for cargoes in the world's market against vessels manned by cheaper labor. This higher cost of American labor is felt by the vessel in all the services rendered her in the United States. The cost of repairs is higher here than abroad, yet to maintain our shipyards it must be arranged that all possible repairs are made in home yards. The clerical and supervisory staffs of a steamship company are paid American wages for performing the work which a foreign owner secures for a vessel at the lower rate prevalent in his own country.

All of these higher costs—each of which will be found upon analysis to flow directly from the higher cost of American labor—form an aggregate which has prevented in the past, and will prevent in the future, the unaided operation of vessels built in the United States and flying the American flag. From the days when the metal steamer became practicable until the war the merchant marine of the United States has been declining. This downhill course was reversed at enormous cost to meet our war needs, acute because of our previous neglect. If, however, the underlying causes of that decline are not removed or compensated for, the existing fleet will but prove another starting point for a decline as relentless and continued as that which marked our disappearance from the sea after the Civil War.

THE MERCHANT MARINE ACT, 1920.

The need for intelligent legislation looking to the disposal of the Government fleet and the upbuilding of a private American merchant marine has already been felt; and, it was thought at the time, met by the passage of the merchant marine act of 1920. The lack of results from this act shows clearly that the mere possession of a fleet of ships will not give a country a merchant marine unless it is made possible for private capital to take over and operate efficiently such fleet.

The merchant marine act of 1920, known as the Jones Act, provided generally for a series of indirect aids, the keystone of the structure being preferential tariffs to inure to goods imported in American bottoms.

The greatest disadvantage, outside of added capital charge and added wage and subsistence cost, which American owners must meet in building up our mercantile fleet, is the fact that in overseas carriage, other nations which are securely established in control of trade routes have the volume of business, and American ships must undergo the great initial expense of invading the field and building up that volume.

Fundamentally, the existence of a merchant marine is dependent upon actual carrying of cargo. All privileges, economies, and aids, notwithstanding the ultimate success or failure of a merchant ship, lies in its employment at sea carrying cargo. Then, and then only, does the vessel become a producer. Economy of operation without revenue means nothing. This basic requirement was provided for in the Jones Act and was embodied mainly in section 34.

The hoped-for aid from preferential tariffs was not realized because of the refusal of President Wilson to abrogate those portions of certain commercial treaties with foreign nations which forbade preferential treatment of our ships as against the ships of other nations. After long deliberation and careful investigation, President Harding concurred with President Wilson, and thus both a Democratic and Republican President are in accord that, for the time at least, the provisions of section 34 can not be carried out.

Even if the provisions of section 34 had been made effective the benefits to be derived therefrom would have been only from inbound cargo and on dutiable articles. When it is considered that our imports are approximately only one-third of our exports, and of this portion about 30 per cent dutiable goods only would be affected, it may readily be conceded that these provisions might not have produced the results expected of them.

Other sections of the act of 1920 from which it was hoped our merchant marine would derive aid have proved to be ineffective because of changed conditions or because of unforeseen difficulties. The act alone will not give us our commercial marine, nor aid us in disposing of our State-owned vessels. It is therefore necessary to supplement it, and for this purpose H. R. 12021 has been introduced.

Part II.—Synopsis of bill.

TITLE I.—AMENDMENTS TO MERCHANT MARINE ACT, 1920.

This title consists of amendments to the merchant marine act, 1920, relating to the power of the Shipping Board to sell vessels and to make loans for construction.

SALES.

Section 1 of the bill amends section 5 of the merchant marine act, 1920, relating to the power of the Shipping Board to sell vessels, in such manner as to remove the enumeration of the matters which the board is to take into consideration in fixing the sale price, leaving as the only direction to the board that the sale must be consistent with good business methods and the objects and purposes to be attained by the merchant marine act, 1920.

The amendment also provides that vessels may be sold without advertisement or competitive sale if such action is approved by not less than five of the seven members of the board and if such vote and a full statement of the reasons are spread upon the minutes of the board.

The amendment also provides that interest on the unpaid purchase price must be paid at least annually at a rate of not less than 4 per cent per annum; and, further, that payments of principal shall be so arranged that at any moment of time the amount paid shall be sufficient to cover depreciation up to such time, but the board may waive this latter requirement upon the giving of adequate security. It is further provided that the board in making sales may include conditions as to the use and disposition to be made of the vessels sold.

Section 2 of the bill amends section 7 of the merchant marine act, 1920, relating to the duty of the board to make use of the vessels in such manner as to secure the establishment of necessary routes and providing that preference in the sale or assignment of vessels for operation on such routes shall be given to persons having the support of the domestic communities primarily interested. The amendment consists in the addition of a proviso defining the term "domestic communities primarily interested" as meaning the geographical regions known as the North Atlantic, South Atlantic, Gulf, and Pacific coasts and the regions naturally tributary thereto.

The amendment also provides that for two years after the enactment of the act the board shall not sell vessels so assigned to any person who does not have the financial and other support of the domestic communities primarily interested in the lines. The amendment also adds a declaration that it is the policy of Congress to discourage monopoly, and to that end the board is directed to endeavor in every way to bring about the permanent establishment of such routes and services and their retention, as far as possible, in the hands of persons having the support of domestic communities primarily interested.

CONSTRUCTION LOAN FUND.

Section 3 of the bill amends section 11 of the merchant marine act, 1920, which created a loan fund in which the board could annually set aside $25,000,000 out of revenue from sales and operation for five years from June 5, 1920. The fund was to be used to aid citizens of the United States in the construction in private shipyards in the United States of the most efficient type of vessels. The amendment establishes a revolving fund of $125,000,000, to be created out of receipts of the board except appropriations and profits of the board from operation of the vessels; and the fund may be used not only to aid in the construction of new vessels but also to aid the equipping of vessels already built with the most efficient and economical machinery and commercial appliances. The amendment adds a provision that all loans must be repaid within 15 years and that the interest, payable at least annually, shall be at a rate not less than 2 per cent per annum. Loans for construction purposes are limited to two-thirds of the cost of the vessel to be constructed, and loans for equipment purposes are limited to two-thirds of the cost of the equipment or two-thirds of the value of the vessel when reequipped, whichever is the lesser. The provision of existing law which limited loans to cases where the new vessel was to be operated in a particular service, deemed necessary by the board, has been omitted.

TITLE II.—TAXATION.

EXEMPTION OF EARNINGS IN FOREIGN TRADE.

Section 201 of the bill adds sections to the income tax title of the revenue act of 1921, granting to the owner of a vessel of 1,500 gross tons or more, registered or enrolled and licensed under the laws of the United States, a deduction in computing net income equal to the income derived from the operations of the vessel in foreign trade; but the granting of this deduction is conditioned upon his investment of double the amount of the resulting saving in tax in the building, in private shipyards in the United States, of new vessels of a type and kind approved by the Shipping Board, and to be put under the American flag. This exemption is to last for nine years, beginning with 1921.

A similar provision was found in the merchant marine act, 1920, but was limited to exemption from taxes (now repealed) imposed by the revenue act of 1918. The bill carries out the policy declared in 1920 but contains detailed provisions for the determination of the amount of the exemption and for easier administration.

In case the owner does not build a new vessel before filing his tax returns for the taxable year for which the deduction is claimed, provision is made for the setting aside by the taxpayer in a trust fund, before the making of the return, of an amount equal to the tax saving. The amount in the trust fund, together with an equal amount out of the ordinary funds of the taxpayer, must be invested by him in the building of new vessels in American shipyards within a reasonable time determined by the Shipping Board, and to be put under the American flag. If such investment is not so made the entire amount of tax becomes due, together with interest from the time it should have been paid.

If the taxpayer invests a less amount than as above provided, the amount of his tax saving is proportionately reduced.

EXEMPTION FROM TAX ON SALE OF VESSEL.

Section 201 of the bill also restates, in a form easier of administration, another policy declared in the merchant marine act, 1920. If an American vessel launched prior to January 1, 1914, is sold, the owner may be exempt from tax upon the gain derived from the sale if he invests the entire proceeds of the sale in the building in private shipyards in the United States of new vessels of a type and kind approved by the board, to be put under the American flag. If a part only of the proceeds of the sale has been so invested the amount of tax exemption is proportionately reduced. The same provisions as to the creating of a trust fund are provided as in the case of the exemption of the earnings of the vessels in foreign trade, and it is provided that the new vessel shall be carried on the books of the taxpayer at the cost of the old vessel for the purpose of determining his profit in the case of a sale, and for the purpose of computing his deductions for depreciation.

Section 202 of the bill contains clerical changes in the revenue act of 1921 made necessary by the amendments provided in section 201 of the bill.

DEPRECIATION OF VESSEL.

Section 203 of the bill amends the income tax title of the revenue act of 1921. It provides that, in the case of vessels documented under the laws of the United States, the deduction for depreciation allowed under the income tax law shall be determined under the rules and regulations prescribed by the Shipping Board, instead of by the Treasury Department.

The section also provides that in the case of an American vessel of 1,000 gross tons or more, acquired after the outbreak of the European War and prior to January 1, 1921, there shall be allowed for five years, beginning with 1922, a reasonable deduction for exceptional decrease in value since the time of acquisition, but not again including any amount otherwise allowed by law as a deduction. This deduction is to be determined, and spread over the five years for which allowed, under rules and regulations prescribed by the Shipping Board. At any time before March 15, 1927, the Treasury Department may, and, at the request of the taxpayer, shall reexamine the return, and if it is found that the value on which the deduction was based was wrong or has changed, the taxes for the years affected shall be redetermined and the amount of tax due or overpaid adjusted accordingly.

CREDIT ON INCOME TAX FOR OCEAN FREIGHT MONEY.

Section 204 of the bill adds to the income tax title of the revenue act of 1921 a new section providing that any person making expenditures for the transportation of property in an American vessel in foreign trade shall be allowed 5 per cent of the amount of such expenditure as a credit against the amount of his income tax. The section is so drawn as not to permit this credit in the case of persons transporting property in their own vessels or in vessels of corporations with which they are affiliated to the extent of ownership of more than 50 per cent of stock, nor is it allowed in the case of transactions between two corporations if more than half of the stock of each is owned directly or indirectly by the same interests.

DIRECT AID AS INCOME TO VESSEL OWNER.

Section 205 amends the income tax title of the revenue act of 1921 in such manner as to exclude from gross income the amounts received by a vessel owner as direct aid under Title IV of the bill.

TONNAGE DUTIES.

Section 206 provides for the doubling of all tonnage taxes except those payable into the treasury of the Philippine Islands, but excepts sailing vessels, without auxiliary power, of less than 1,000 gross tons, and all other vessels of less than 1,500 gross tons.

TITLE III.—TRANSPORTATION OF IMMIGRANTS BY WATER.

This title provides that as nearly as practicable one-half of the total number of immigrants admitted to the United States in any fiscal year shall be transported in American vessels under regulations provided by the Commissioner General of Immigration with the approval of the Secretary of Labor. Provision is made that the title shall not take effect so as to limit transportation of immigrants in vessels of any foreign country until the President proclaims that the provisions of the title or regulations made thereunder are not in conflict with any treaty with such country. The President is directed to take such steps as may be necessary to remove any such conflict. Whenever, in his opin-

ion, no conflict exists in the case of any country, the provisions of the title are to take effect in the case of immigrants transported in vessels of such country at such time as may be fixed in his proclamation.

TITLE IV.—COMPENSATION TO VESSELS OF THE UNITED STATES.

Title IV creates a fund from which vessels of the United States are to be directly compensated upon entering into a contract with the board and complying with the terms of such contract and the terms of the title.

MERCHANT MARINE FUND.

Section 402 creates a fund in the Treasury to be known as the merchant marine fund. The moneys in the fund are to be comprised of (1) all tonnage duties, tonnage taxes, and light money, as doubled by this act, (2) 10 per cent of all customs duties, (3) the amounts which except for a contract for compensation would be payable for the transportation by vessels of mails other than parcel post, including poundage payments and the moneys payable under contracts made under the mail subvention act of 1891 and sections 7 and 24 of the merchant marine act, 1920, and (4) all excess earnings which are to be repaid by owners of vessels in accordance with the provisions of section 417.

CONTRACT FOR COMPENSATION.

Section 403 authorizes and directs the Shipping Board to enter into a contract on behalf of the United States for the payment of compensation to vessels, with a limitation that the Shipping Board is not required to enter into the contract if, in its judgment, the person with whom the contract is made does not possess ability, experience, resources, and character to justify a belief that the payment of compensation is reasonably calculated to develop the American merchant marine, promote the growth of the foreign commerce of the United States, and otherwise promote the general welfare of the United States. The Shipping Board may not give such refusal unless authorized by an affirmative vote of at least five members of the Shipping Board and unless the vote and a full statement of the reasons for the refusal are made public by being spread upon the minutes of the board. Contracts may run for a period not exceeding 10 years and shall provide that the payments of the compensation shall be made at reasonable intervals not exceeding six months. The moneys in the merchant marine fund are appropriated for the purpose of making such payments.

DETERMINATION OF COMPENSATION EARNED.

The computation of the amount of compensation earned by any vessel is subject to the limitation set forth under the following headings:

Speed and tonnage: The amount of compensation is based in part upon the speed of which the vessel is capable.

Regardless of speed the vessel receives one-half of 1 per cent for each gross ton for each 100 nautical miles covered by the vessel; but in addition to this amount power-driven vessels capable of a speed of 12 knots or over when on such draft as the owner may select, are to receive compensation graduated from one-tenth of 1 cent for each gross ton for each 100 miles covered by the vessel if the speed is 12 knots but less than 13, up to 2½ cents for each gross ton for each 100 miles covered by the vessel if the speed is 23 knots or over (sec. 404).

A power-driven vessel as defined by the act for the purposes of this additional graduated compensation (sec. 405 (a)) is a vessel equipped so as to be self-propelled through the use of machinery if the rated horsepower of the propulsive machinery exceeds one-third of the gross tonnage of the vessel. The definition of power-driven vessels is so framed as to include sailing vessels with auxiliary power, and power vessels with auxiliary sails, if sufficiently powered for efficient operation when propelled by power only. Sailing vessels, on the other hand, are not to receive this additional graduated compensation. The gross tonnage of the vessel is to be that stated upon the vessel's certificate of admeasurement (sec. 405 (c)).

A power-driven vessel, as above defined, of 5,000 gross tons or less, but of 1,500 gross tons or over, is to be compensated as if it were a vessel of 5,000 gross tons (sec. 405 (f)). Auxiliary vessels coming under the definition of power-driven vessels, as above set forth, also receive the benefit of this advantage. Sailing vessels and slow steamers not qualifying as power driven do not have this advantage. On the other hand (sec. 406), any power-driven vessel less than 1,500 gross tons, or any sailing vessel less than 1,000 gross tons, is not to receive compensation. Compensation is thus payable to sailing vessels not equipped so as to be propelled by machinery, if between 1,000 and 1,500 gross tons, while power-driven vessels of similar tonnage are not eligible for compensation. The restrictions as to speed are only as to the speed of which the vessel is capable and not as to the speed on the particular voyage.

Mileage: As above outlined, compensation is based in part upon each 100 nautical miles actually covered by the vessel. Compensation shall not be paid in respect to any mileage excepting that comprising the customary route for vessels of same kind and type upon similar voyages between the ports touched by the vessel, based upon tables approved by the Shipping Board. The Shipping Board may, however, if such tables are not, in its opinion, fairly representative of the distance which under efficient operation is actually required to be traversed by the vessel upon its voyage, increase the mileage to such an extent as it deems fair and reasonable, but in no case shall the total mileage allowed be in excess of the mileage actually traversed by the vessel (sec. 405 (e)).

Classification: Compensation is payable to a vessel only in respect to mileage covered while classed by the American bureau of shipping in the highest classification open to a vessel of its kind and type, according to the rules of the bureau (sec. 406 (b) (4)).

Crew: Compensation under the committee amendment is payable to a vessel only for mileage covered while carrying a crew at least two-thirds of whom, exclusive of licensed officers, are citizens of the United States, and the remainder of whom are eligible for United States citizenship, except that during the first year after the enactment of this act the required number of citizens of the United States is one-half instead of two-thirds, and during the second year is six-tenths instead of two-thirds. In the case of passenger vessels the above requirements apply only to the deck and engine departments. Suitable exceptions are made for temporary situations arising from desertions, casualties, or other causes beyond the control of the master of the vessel and occurring at a port outside the United States or upon the high seas (sec. 406 (b) (5)).

Tows: Compensation is payable to a vessel only for mileage covered when self-propelled by sails or machinery. Suitable exceptions are made for cases of distress and for assistance on entering or leaving any port or in navigating inland or restricted waterways (sec. 406 (b) (3)).

Vessels of the United States: Compensation is payable to a vessel only for mileage covered while operating as a privately owned merchant vessel and registered or enrolled and licensed under the laws of the United States. No vessel is to be paid compensation unless it was documented under the laws of the United States on the sixtieth day after the enactment of this act, or was after the enactment of this act built in the United States, or was at such time undocumented and owned by the Shipping Board or by a citizen of the United States, and is not thereafter documented under the laws of any foreign country (sec. 406 (c)).

A vessel built in a foreign country before the enactment of the act and not falling within any of the categories above outlined may, if registered under the laws of the United States within three years after the enactment of the act, be paid compensation if such payment is authorized by an affirmative vote of at least five members of the Shipping Board and the vessel is found to be essential to the proper development of the merchant marine by reason of its particular type or kind and if the vote and a full statement of the reasons for such authorization are made public by being spread upon the minutes of the Shipping Board (sec. 406 (c) (5)).

Foreign trade: Vessels are entitled to compensation only for mileage covered in foreign trade. Section 407 prescribes in detail what mileage shall for the purpose of compensation be considered as being in foreign trade. Roughly speaking, mileage upon any voyage excepting a coastwise voyage may be made the basis for compensation. There are certain exceptions, however. Voyages between possessions and Territories of the United States, voyages as auxiliaries to the military or naval forces, voyages on sight-seeing tours or for scientific purposes, if not in competition with vessels in the coastwise trade, may be made the basis of compensation. Voyages in ballast between ports of the United States, and voyages between two ports in the Virgin Islands, the Philippine Islands, or the Canal Zone may be compensated if the next voyage is to a port outside of the United States or outside such possession or zone. Voyages upon the Great Lakes, whether or not in the coastwise trade, are not to be compensated unless beginning or ending east of Quebec. Voyages embracing in part mileage between a port in the United States and a port in Hawaii are to be compensated only under certain circumstances (sec. 407).

Tramps and feeders: A vessels shall be entitled to compensation for any period of time only if it has entered or cleared from a port in the United States at any time during the 12 months prior to such period of time, or if during the six months ending with such period of time it has derived at least one-half of its total revenue from passengers and cargo received from or delivered to vessels of the United States whose voyage began or terminated at a port in the United States, its Territories, or possessions, or the Canal Zone (sec. 408 (a)).

Voyages of less than 150 miles: Compensation is not to be paid for mileage upon any voyage during which the vessel enters or clears from a port in the United States, its Territories, possessions, or Canal Zone, if the distance between terminal points is less than 150 miles (sec. 408 (b)).

AMERICAN OWNERSHIP.

Compensation is not to be paid a vessel unless owned by a citizen of the United States within the meaning of section 2 of the shipping act, 1916, as amended by the merchant marine act, 1920. At any time more than three years after the enactment of this act compensation shall not be paid the owner of a vessel unless 75 per cent of the gross tonnage of all vessels owned or chartered by him or by any person affiliated with him, or for which either acts as agent, is comprised of vessels registered under the laws of the United States. In determining such percentage of tonnage, vessels of a particular type or kind and which are found by the Shipping Board to be not reasonably available for the purpose desired, are not to be counted (sec. 409).

INCREASE AND DECREASE OF COMPENSATION.

Section 410 provides that the Shipping Board may increase the rate of compensation to not more than double the normal rate when necessary in order to procure the establishment and maintenance of any particular class of service or the operation of any particular type or kind of vessel; or the Shipping Board may decrease the rate of compensation to such extent as it deems advisable. When the contract for compensation has been entered into such increases or decreases may be made only with the consent of both parties. In no case may any increase or decrease be made unless authorized by an affirmative vote by at least five members and unless the vote and a full statement for the reasons for the increase or decrease are made public by being spread upon the minutes of the Shipping Board. All contracts providing for the operation of a vessel in a particular service shall provide not only the rate of compensation in case the vessel is so operated, but a different rate of compensation to be paid in case the owner fails to so operate the vessel, provided the owner gives six months' notice to the Shipping Board of his discontinuance of the service (sec. 411).

OBLIGATIONS OF COMPENSATED OWNER.

Requisition of vessels: Any vessel in respect to which a contract for compensation is made may, at any time during the life of the contract, be taken and purchased or used by the United States for national defense or during any national emergency. The owner of the vessel shall be paid the fair actual value of the vessel at the time of taking, or fair compensation for use, based upon such value, in either case without enhancement by reason of the causes which necessitated the taking. The vessel is to be returned to the owner in a condition at least as good as when taken or an amount sufficient for reconditioning the vessel shall be paid the owner. The owner is not entitled to any consequential damages. Provision for arbitration is made in case of disagreement between the United States and the owner as to the fair value, fair compensation, or amount necessary for reconditioning (sec. 412). The purchaser of any vessel which is under a contract for compensation takes the vessel subject to the above right of requisition at any time during the term of the contract. The vessel is no longer eligible for compensation after the sale unless a new contract is made with the purchaser (sec. 415).

Repairs, renewals, and reconditioning: All repairs, renewals, or reconditioning of a compensated vessel are to be done at a port in the United States, its Territories, or possessions, or the Canal Zone, excepting repairs or renewals essential to the safety of the vessel, its passengers, crew, or cargo, or repairs or renewals of a feeder vessel (sec. 413).

Carriage of mails: Compensated vessels shall transport upon all voyages mail matter of any kind, except parcel post, required by the Postmaster General (sec. 414).

Repayment of compensation: Section 417 provides that the owner of a vessel or vessels who has made a contract for compensation in respect thereto shall pay to the United States 50 per cent of the amount by which his net income from the operations of such vessels exceeds 10 per cent of his invested capital in such vessels, but the amount of payment shall not in any case exceed the amount of compensation earned by such vessels during the year.

Net income and invested capital are to be computed in accordance with the revenue act of 1921, and all the provisions of that act and other internal revenue laws are made applicable to the determination and collection of the amount payable. In computing net income the compensation earned is to be included, but no deduction is allowed for the earnings of the vessels in foreign trade.

Provision is made whereby the Commissioner of Internal Revenue is to enforce the section, with full power to look behind the accounts of corporations and others affiliated by stock ownership or otherwise, and to apportion their profits and invested capital in accordance with the facts, regardless of any financial trick or device (sec. 417).

Terms specified in contract: The obligations above outlined are to be placed in the contract for compensation, but, whether or not so included, the vessel owner shall be held to have agreed to the obligations. The Shipping Board may incorporate in the contract any terms or conditions comprising such obligation or necessary to enforce such obligations or the maintenance of service or necessary to ascertain and determine the amount of compensation.

REVIEW BY GENERAL ACCOUNTING OFFICE.

The determination of the Shipping Board as to the amount of compensation to which any person is entitled shall not be subject to review by the General Accounting Office (sec. 419).

TITLE V.—ARMY AND NAVY TRANSPORTS.

Section 501 provides that whenever the President finds that American vessels afford adequate facilities to meet the needs of the Army or Navy for the transportation of persons or property he may direct the discontinuance of the transport service of either the Army or Navy, and either place the vessels out of commission or transfer them to the Shipping Board. Thereafter the War Department and the Navy Department are directed to contract for their transportation requirements with owners of American vessels. Such contracts may be entered into for terms of 10 years, and the two departments may avail themselves of the expert knowledge of the Shipping Board in making the contracts.

TITLE VI.—RAIL AND WATER TRAFFIC.

Section 601 defines the term "commission" to mean the Interstate Commerce Commission.

RELATIONS BETWEEN THE INTERSTATE COMMERCE COMMISSION AND THE SHIPPING BOARD.

Section 602: This section declares it to be the policy of Congress to promote water transportation in connection with the commerce of the United States, and to foster and preserve both rail and water transportation; and directs the Shipping Board and the commission to cooperate to that end by the creation of a joint board to study the interrelations of rail and water traffic and the methods necessary to carry out the policy of Congress, above declared. The joint board is to meet at least twice a month, and is to formulate and transmit to the Shipping Board and to the commission such recommendations, not inconsistent with law, as it deems necessary to carry out the policy declared by Congress. Thereupon it is to be the duty of the Shipping Board and of the commission, by independent action, each within its own sphere and by the use of its own powers, to make effective such of the recommendations of the joint board as they may, respectively, approve.

EXPORT BILLS OF LADING.

Section 603 amends section 25 of the interstate commerce act, which provides for the issuance of through bills of lading in the case of goods transported by railroad to a port of the United States and thence by water to a foreign country. The amendment provides that the Interstate Commerce Commission in prescribing the form of the bill of lading shall adopt as the portion thereof governing the water portion of the voyage such form as may be certified by the Shipping Board.

RAIL-OWNED WATER LINES.

Section 604 amends paragraph (9) of section 5 of the interstate commerce act, which paragraph forbids railroads to own common carriers by water or vessels with which they compete or may compete for traffic. The effect of the amendment is to permit railroads to own water lines engaged exclusively in commerce not included within the coastwise trade or engaged in trade between the United States and the Philippine Islands even after the Philippines have been put under the coastwise laws. The amendment, however, does not permit railroads to own water lines engaged in trade with foreign contiguous territory.

AGREEMENTS BETWEEN CARRIERS AFFECTING WATER TRANSPORTATION.

Section 605 amends section 15 of the shipping act, 1916, which section provided for the filing with the Shipping Board of all agreements entered into between common carriers by water, fixing or regulating rates, controlling competition, or in any manner providing a competitive working arrangement, and imposed a penalty for carrying out such an agreement without the approval of the Shipping Board. The amendment adds to the kinds of agreements which must be filed, those providing warehousing, docking, or other terminal facilities, and those providing that one carrier shall act as agent or representative of the other.

The amendment also compels a common carrier by water and a common carrier by railroad to file with the board all agreements between them relating to the interchanging of freight or passengers, or the making of joint rates, or providing warehousing, docking, or other terminal facilities, or providing that one carrier shall act as agent or representative of the other, or providing in any manner for a cooperative working arrangement. The amendment, however, applies only to agreements relating to passengers or property transported or to be transported to or from a foreign country or the Philippine Islands. The amendment also makes it unlawful to carry out such agreements until approved by the Shipping Board. The amendment also provides that all agreements covered by the section, in effect at the time of the passage of the bill, shall be valid until disapproved by the board.

Section 606 amends paragraph (d) of paragraph (13) of section 6 of the interstate commerce act, which section authorizes the Interstate Commerce Commission to compel a railroad which has made an arrangement with a water carrier operating to a foreign country for the handling of through business to enter into similar arrangements with other carriers operating to the same foreign country. The effect of the amendment is to provide that such agreements shall be subject to the approval of the Shipping Board.

JOINT OR PROPORTIONAL RATES.

Section 607 amends section 28 of the merchant marine act, 1920, which section provides that no common carrier shall make any preferential rate based on the fact that the passengers or property transported are destined for or have come from a foreign country by water, unless such water transportation is to be or has been in an American vessel. The section further provided that if the Shipping Board found that adequate shipping facilities to or from a port in a foreign country were not afforded by American vessels, it should certify this fact to the Interstate Commerce Commission, and the commission could then, in its discretion, suspend the operation of the section. The suspension might be terminated by order of the commission whenever the Shipping Board found that adequate shipping facilities by American vessels were afforded. The amendment takes away from the commission the discretion as to suspending the section and makes it its duty to do so when the Shipping Board certifies the lack of adequate American vessels; and likewise makes it the duty of the commission to terminate the suspension upon 30 days' notice when the Shipping Board certifies that adequate facilities are furnished by American vessels. The amendment also adds a paragraph providing that whenever the board and the commission are both of the opinion that putting into effect or keeping in effect the provisions of the section will result in materially changing the channels of transportation within the United States, or in unduly congesting one or more ports of the United States, the commission shall suspend the operation of the section until such time as the commission and the board reach a contrary conclusion, whereupon the commission shall terminate the suspension upon 30 days' notice.

TITLE VII.—MISCELLANEOUS PROVISIONS.

TRANSPORTATION OF GOVERNMENT OFFICIALS AND SUPPLIES.

Section 701 provides that all officers and employees of the United States shall, whenever practicable, travel in an American vessel if the travel expenses are directly or indirectly chargeable to the United States. Voyages may be made in vessels under a foreign flag only when specifically ordered by the head of the department or upon orders specifically approved by the head of the department, who in all cases is to report promptly to the board all voyages made in foreign vessels, together with the reasons why the voyage is so made. If any person fails to comply with this section he is not to be reimbursed for his passage money, or is to be surcharged in his accounts with the United States, as the case may require.

Section 702 provides that so far as practicable all goods belonging to or intended for the United States transported by water shall be shipped in an American vessel. If such shipments are not practicable and shipment is made in a foreign vessel, it is the duty of the officer or employee of the United States authorizing or making the shipment to notify the board in writing, with the reasons why shipment was so made.

REGULATIONS.

Section 703 authorizes the Shipping Board to make such regulations in respect to matters placed under its jurisdiction by the act as it deems necessary to make effective the intent and purposes of the act.

SEPARABILITY.

Section 704 is the usual provision that the unconstitutionality of a part of the act shall not affect the validity of the remainder.

SHORT TITLE.

Section 705 provides that the act may be cited as the "merchant marine act, 1922."

Part III.—Discussion of important features of the bill.

In the first place, the bill makes a number of amendments to the merchant marine act, 1920, with a view to removing some obstacles which in practice have arisen under certain provisions of this act.

SALE OF SHIPS.

Section 1: The effect which this amendment has is to give the board power, under special circumstances, to make sales over the counter when five or more members of the board are convinced that the interests of the United States are best served thereby. The committee added to this amended section a clause giving the board the power to write into their sale agreement a provision as to the use or the disposition of the vessel in order that, for example, with the wooden ships the board might, if it desired, sell ships with the provision that they may be broken up, or in the case of other ships, that desired services and routes should be maintained with those vessels. The committee also amended the original bill so that the deferred payments must at all times cover the depreciation of the vessel as determined by the board and fixed the rate of interest on the deferred payments at not less than 4 per cent. The committee felt that in the case of the sale of vessels where the price was left wholly in the hands of the Shipping Board the rate of interest should not be appreciably lower than that which the United States paid for its moneys.

THE MIDDLE WEST AMENDMENT.

Section 2: During the hearings, representatives of the Middle West and the South Atlantic expressed themselves as aprehensive that the sales policy of the board might be such as to vest control of the board's tonnage in the hands of monopolistic interests so as to work eventually to the detriment of the shippers of the Middle West, and possibly undo the work done by the United States Shipping Board in building up adequate services from all American ports. The committee recognized clearly the need of insuring that all sections of the country be afforded adequate water transportation facilities, and while believing that the danger of monopoly in cargo lines is not as great as is feared, nevertheless agreed that adequate guaranties should be incorporated in the bill to remove all doubt upon the point.

Accordingly a new section was added to the original bill under consideration, inserting two provisos and a new paragraph to section 7 of the merchant marine act of 1920. The effect of these additions is to insure that local interests, in the seaboard communities and in the inland districts naturally tributary thereto, shall have not less than two years in which to organize steamship companies and raise the necessary capital to purchase the lines which the board is operat-

ing from such communities; and that in developing its sales policy the board shall work to continue existing lines and endeavor in every way to bring about their permanent retention in the hands of those directly interested in the communities which the lines serve.

CONSTRUCTION LOAN FUND.

Section 3: The bill amends section 11 of the merchant marine act, 1920, by providing that the construction loan fund therein established shall come into existence as rapidly as the funds authorized for transfer to it become available, where the act of 1920 only permitted setting aside $25,000,000 each year. No increase in the eventual size of the fund, namely, $125,000,000, is contemplated. The bill added a provision to section 11 that the loan fund could be used not only in aid of construction of vessels but also for the reequipment of vessels already built with machinery and commercial appliances of the most efficient and the most economical type. It is also provided that the rate of interest to be charged shall be not less than 2 per cent per annum, while the act of 1920 specified no rate.

The minimum rate of interest of 2 per cent is authorized because of the fact that this loan is to be expended in construction in American yards, and that the Government will receive through the administration of this loan new or reengined vessels of the most desirable type. The committee therefore feels that the board should have power to loan from the fund at as low a rate of interest as 2 per cent.

TAXATION OF VESSELS.

Section 201: This section continues the policy expressed in section 23 of the merchant marine act, 1920. The exemption from income taxation allowed to shipowners by that section was by its terms to continue for a period of 10 years. It was, however, confined to the war profits and excess profits taxes of the revenue act of 1918. With the repeal of those taxes by the revenue act of 1921, the provisions of section 23 ceased to be of any effect. Section 201 of the present bill merely carries out the promised tax exemption of the merchant marine act, 1920, with some slight changes. The exemption applies only to the earnings of vessels of 1,500 gross tons or more and the vessel owner is required to supply out of his ordinary funds only one-half of the cost of new vessel construction instead of two-thirds, as provided in the former act.

The general policy of exempting the earnings of vessels in the foreign trade, upon condition that the amount of taxes thus saved to the owners of such vessels shall be invested in the building of new vessels in American shipyards, is thought by the committee to be thoroughly sound. It serves not only to encourage the operation of vessels in foreign trade but at the same time helps to maintain our American shipyards.

This section also continues another policy of income-tax exemption expressed in section 23 of the merchant marine act, 1920. Under the provisions of that section the owner of a vessel built prior to January 1, 1914, was exempted from all income taxes payable upon any gain resulting from the sale of such a vessel under the revenue act of 1918, if the entire proceeds were invested in ship construction in American shipyards.

This section makes this exemption applicable to the taxes imposed by the revenue act of 1921, thus continuing to make effective the policy expressed in section 23 of the merchant marine act, 1920. The result of this policy is to encourage the replacement of old vessels by the construction of new vessels in American shipyards, thus aiding to keep our merchant marine composed of the best and most efficient types of vessels and at the same time providing for the maintenance of our vitally necessary shipbuilding industry.

DEPRECIATION OF VESSELS.

Section 203: This section authorized the Shipping Board to prescribe rules and regulations for the determination of the depreciation of vessels of the United States for income-tax purposes under the revenue act of 1921. The committee believes that this subject is one which should properly be intrusted to the Shipping Board because of its expert knowledge of the subject. The rules heretofore applied by the Treasury Department have placed American shipowners at a disadvantage as compared with their foreign competitors. Under this provision the Shipping Board will be enabled to make rules and regulations covering depreciation of vessels which will result in overcoming the handicap to American vessel owners by reason of the less favorable treatment heretofore accorded to them in the application of the revenue laws.

Provision is further made for additional allowance in case of vessels of 1,000 gross tons or more, acquired after August 1, 1914, and prior to January 1, 1921, for depreciation based upon the exceptional decrease in values of shipping which has taken place since the latter date. This is to be determined under rules and regulations prescribed by the Shipping Board and is to be allowed to be distributed over the five years beginning with the taxable year 1922. Provision is made for a redetermination of any allowance which may be made, based upon any change in values during the five-year period. Similar allowance is made under the British revenue laws and the effect of this section is merely to place the American vessel owner in this respect on a parity with his British competitor.

INCOME-TAX CREDIT FOR TRANSPORTATION BY WATER.

Section 204: This section provides that any person paying freight for the transportation of goods between the United States and a foreign port in an American vessel shall receive as a credit against any income tax payable by him an allowance of 5 per cent of the amount of such freight money. If the person whose goods are thus transported has more than 50 per cent interest in the vessel, whether direct or indirect, no allowance is given him. The purpose of this latter provision is to exclude from the benefits of the section industrial concerns which carry their goods in their own vessels.

This section is one of the most important indirect aids provided by the bill. If direct subsidies were made enormous, vessels might be operated even without cargo. Obviously, such a method of securing a merchant marine would be highly artificial and extremely costly. A permanent and healthy merchant marine can never be established merely by paying subsidies. The secret of success in shipping, as in any other business, is volume, but American vessel owners are at a tremendous handicap in this respect compared with their foreign competitors. For so many years have Americans been dependent upon foreign vessels for the carriage of their goods, so firmly established are such foreign vessels in the carrying of freight, their commercial and financial connections are so widespread, their shipping organizations so broad and efficient, that successful competition on the part of the new American shipping industry is possible only if some means can be found for overcoming these advantages. The mere appeal to the patriotism of American shippers is insufficient. Some practical inducement to use American vessels must be found. The force of inertia tends to continue American shipments in foreign vessels. It is believed that the 5 per cent allowance provided by this section will furnish the necessary inducement to bring about the use of American vessels by American shippers, in preference to their foreign competitors, yet the total cost of this provision is estimated by the Treasury Department as not exceeding $4,500,000 per annum. No amount of direct subsidy will accomplish the same results. Even though an increase in the amount of direct subsidy paid might equalize the results of this section so far as the earnings of the vessels are concerned, it could do so only at a cost perhaps four or five times the amount of the cost of this indirect aid and no basis would be laid for the permanent establishment of the merchant marine.

If it be said that the results of this income-tax allowance can not be definitely measured, it seems none the less desirable to give the plan a trial. If it is successful, the result will be to increase the earnings of the shipowners, and under the provision of a 10 per cent limitation upon profits the amount of direct subsidy required will be decreased. If, on the other hand, the income-tax deduction does not cause American shippers to use American vessels, the cost will be negligible.

The merchant marine act of 1920 was largely based upon a similar plan. Under the tariff act provision was made for a 5 per cent deduction on customs duties, payable on goods imported, but this was not made effective because the Supreme Court held that it was in violation of our treaty obligations, and both President Wilson and President Harding have found it impossible to carry out section 34 of the merchant marine act of 1920, which authorized and directed the President to abrogate the provisions of treaties so as to enable discriminating duties to be put into effect. The income-tax deduction provided in this section applies both to imports and exports and to goods dutiable and nondutiable. Thus, while it embodies the same principle as that sought to be carried out by section 34 of the merchant marine act of 1920, it covers all goods carried in American ships, whether imports or exports. Your committee believes that this section should prove far more effective than would the carrying out of the provisions of section 34 of the merchant marine act of 1920.

TONNAGE DUTIES.

Section 206: This section doubles the present tonnage duties, except in the case of sailing vessels of less than 1,000 gross tons or in the case of other vessels of less than 1,500 gross tons. American tonnage duties are far less than those customary abroad. Even after this section becomes effective the American tonnage duties will be generally less than those charged in foreign ports.

TRANSPORTATION OF IMMIGRANTS BY WATER.

Title III: This title is intended to secure for American vessels their fair share of the immigrant traffic. Had this provision been in effect prior to the enactment of the quota law we would to-day have had a prosperous line of passenger steamers upon the North Atlantic second to none, and this without expense to the Treasury; but America has always permitted those coming to her shores as immigrants to travel as they saw fit. The result has been that the immigrant traffic has been largely divided between Germany and Great Britain, and the steamship companies of those countries have for many years entered into agreements definitely apportioning the traffic between them. It is now proposed that American passenger steamers shall be entitled to one-half of this traffic. This title accordingly provides that as nearly as practicable one-half of the total number of immigrants admitted to the United States in any fiscal year shall be transported in American vessels, and the Commissioner General of Immigration, with the approval of the Secretary of Labor, is directed to make the regulations necessary to bring this about.

In view of possible conflict with the obligations of commercial treaties this provision is not to be made effective until the President is satisfied that no treaty obligations will be broken, or if he finds that such treaty obligations will interfere with the carrying out of this provision, then until the President has taken the necessary steps to renegotiate such treaties.

This title, like the 5 per cent income-tax deduction, should prove one of the most valuable of the indirect aids afforded by the bill. As the income-tax deduction provision should fill our vessels with cargo, so this provision should fill our vessels with passengers. In each case the result should be that increase in volume of business which is the sole foundation of a permanent and successful merchant marine.

DIRECT AID.

Title IV: The history of direct aid to shipping, under whatever name it may be given, postal or admiralty subventions, or navigation or construction bounties, shows clearly that there is almost no nation in the world which has not realized the importance of a merchant marine, and, to some extent, endeavored to obtain one by granting direct aid from its treasuries.

Stripped of all but the basic considerations, the problem of having a merchant marine comes down to the question of whether the economic conditions are favorable or unfavorable. The primary factors governing the situation are: First, trade to an extent sufficient to support a merchant marine; second, the necessary elements entering into its construction, i. e., coal, iron ore, and labor available cheaply and adequately; third, the necessary personnel to operate such a merchant marine available cheaply, adequately, and of a naturally capable type.

A nation which has all the specified factors will be successful at sea without national aid, because it has no economic handicaps to be overcome other than inexperience and inertia. A nation lacking any one of these factors and still desirous of a merchant marine must compensate artificially for its lack. Countries like Great Britain and Germany are examples of nations having an ocean trade upon which they are practically dependent, dowered with cheap steel and having an ample supply of labor available at low wages. Their success at sea was eventually certain, but even these nations paid postal subsidies to develop vessels of the higher types. Japan is an example of a nation similarly equipped but which entered the competition for ocean carriage only recently and therefore found it necessary to subsidize in order to get a start and while gaining experience. Japan's merchant marine is firmly established now and will probably increase steadily in the future. Her subsidies in late years have been markedly reduced.

On the other hand, nations not favored with all of the necessary factors have endeavored to make up the deficiency by national aid. They have been successful only when the national aid fully compensated for their national handicaps, and they have failed almost completely when such aid did not compensate for their economic disadvantages, although in the latter case subsidizing nations have main-

tained by their subsidies a merchant marine which would have been impossible without those subsidies. The one clear lesson to be learned from history is that a subsidy which is insufficient is little better than no aid whatever.

In the United States we have ocean trade and we have been becoming increasingly dependent upon it. We have cheap steel and we have a population which would again take to the sea naturally and efficiently if opportunity offered. Our one great handicap is that because of the ample resources of this great and wealthy Nation our people are able to win for themselves comfortable livings on shore, at wages two or three times those which citizens of a foreign nation could hope to obtain in a similar walk of life.

Because of the high wage of labor in this country the American shipowner is doubly handicapped. First, a ship costs him more to build because of the high labor costs in American shipyards, and he therefore must assume an annual carrying charge upon his greater first cost much in excess of that which his foreign competitor bears; second, because of the higher standard of living in this country, he must pay a higher wage to the crew obtained in American ports than does his foreign competitor for the crews which he obtains from the cheaper European or oriental labor.

It is to meet, in part, the excess cost of building a ship in the United States and operating it under the American flag that direct compensation is provided for in this bill.

The history of direct aid in the United States, as well as in other countries, shows clearly that to be effective any legislation in aid of merchant shipping must provide as far as possible for a reasonable degree of permanence. Time will be required to institute the various parts of the program, such as the sale of the Shipping Board fleet, the establishment of the loan fund, and the construction of the new ships required to round out the merchant marine, and time will be required for American private operators to establish themselves on new routes. New ships will not be contracted for, nor services developed, unless there is a definite assurance that the benefits of the proposed legislation will be applied for a period of years. All this is particularly true in view of the fact that the depression in shipping may continue for several years and that during this period a fair test can not be applied to all parts of this program.

MERCHANT-MARINE FUND.

Section 402: The source of funds for the direct aid proposed in the bill is to be a fund established in the Treasury Department and called the merchant-marine fund. This fund is to be made up of moneys derived from the tonnage duties, taxes, and light money paid by vessels entering our ports, 10 per cent of the amount of all customs duties, and the amounts which American vessels receiving compensation under the contract would have been paid, except for this section, for the carriage of mails other than parcel post. In addition to these moneys the merchant-marine fund receives all refunds of compensation paid into the Treasury by reason of the operation of section 417.

THE CONTRACT.

Section 403: The bill therefore provides that no vessel owner shall be entitled to compensation unless he has entered into a contract with the United States Shipping Board. These contracts may be for any period of time up to a maximum of 10 years. The board is authorized to refuse such contract to the incapable or inexperienced owner, or to the owner whose lack of resources or of character are such as to make him, in the opinion of the Shipping Board, unfit to receive compensation from the National Treasury. Because of the broad power this proviso gives the board, the committee felt it essential that this power could only be exercised on the affirmative vote of not less than five members of the board, accompanied by a full statement of the reasons for such action spread upon the minutes of the Shipping Board.

Section 412: To the United States the contract will insure that the vessel with respect to which it is made will be available for use by the Nation in time of war or any other national emergency at a fair price, and such fair price is to be based upon a fair actual value of the vessel without inflation, due to the causes which necessitated the taking. It relieves the United States of any liability for consequential damages to the requisitioned vessel; that is, damages resulting from the loss of possible profits due to the seizure.

Section 413: In addition to binding himself to sell or lease his vessel to the United States at a fair price in time of national emergency, the vessel owner who enters into a contract for compensation agrees that all the repairs or renewals or reconditioning of the ship or its fittings shall be done in a port of, or belonging to, the United States, except that in case of emergency the minimum work necessary to the safety of the vessel may be performed in a foreign port; and, except in the case of special feeder vessels, never touching American ports.

Section 414: The owner also contracts to carry free of charge mail matter of any kind, except parcel post, to such extent as may be required of him, and in so doing to waive all rights for compensation under the law or under any contract made thereunder, but in so waiving his rights to compensation the vessel owner is not relieved of any obligations incurred under existing law or contract, and the transportation of mails is subject to all the requirements of the Post Office Department, and the owner is liable to the prescribed penalties for infraction thereof.

Section 415: If a vessel in respect to which a contract for compensation has been made is sold prior to the expiration of the contract, compensation automatically ceases unless the new owner makes another contract with the board. Such sale, however, does not relieve the new owner of the vessel from the liability of having his vessel requisitioned in time of national emergency.

The owner contracts to turn into the Treasury one-half of his net earnings in excess of 10 per cent in any one year until the compensation received during that year has been repaid.

RATE OF COMPENSATION.

Section 404: The direct aid is based upon the size and speed of the vessel and the distance covered. The reasons for the adoption of this method of computing compensation were brought out clearly and in considerable detail during the hearings.

All vessels, otherwise eligible, receive compensation at the rate of one-half of 1 cent per gross ton per 100 nautical miles covered. Power-driven vessels, capable of making speeds on trial of 12 knots or more, receive a higher rate, proportionate to their speed, and hence to their first cost and to their operating cost. The maximum rate provided is 2⅞ cents per ton per 100 miles, which may be paid to vessels of 23 knots speed or above.

LIMITATIONS OF COMPENSATION.

Section 406: In order to make the compensation apply to vessels which are of real value to the foreign trade of the United States, and to obviate the need of negotiating contracts with a multitude of small vessels, a limit of 1,500 gross tons is provided, and no vessels of less than this tonnage receive compensation, except in the case of vessels solely propelled by sails, for which a minimum of 1,000 gross tons is established.

In the bill as reported it was provided that a vessel to be eligible for compensation must carry American citizens to the extent of not less than half her deck and her engine department, considered separately, and without counting licensed officers required by law. The committee amended this subparagraph by requiring that vessels must carry a crew two-thirds of which, exclusive of licensed officers, should be American citizens, and the entire remainder of the crew should be eligible to citizenship. Because of the impracticability of getting American servants, the committee excepted the steward's department of passenger vessels from this requirement and further allowed a period of two years in which the proportion should be attained, providing that in the first year after the enactment of this act only 50 per cent citizens would be required, in the second year only 60 per cent, while thereafter the full two-thirds should be demanded.

This subparagraph as amended will not only raise the proportion of American citizens upon vessels in the merchant marine to an extent probably greater than ever existed but it further has the effect of barring from the crews, except in the case of the steward's department of passenger ships, all aliens who are ineligible to citizenship during the period. The committee feels that this amendment is the most important provision in the interests of an American-manned merchant marine.

Because the encouragement of American shipbuilding is one of the primary purposes of the bill, it provides, generally speaking, that only American-built vessels shall be entitled to compensation. Exceptions are the vessels of foreign construction now under the American flag, either privately or publicly owned, and such ships as only brought under the flag within 60 days after the enactment of the act.

It might be desirable, or even necessary, to add to our merchant marine in the immediate future special types of ships which at present we do not possess but which do exist elsewhere. To make this possible the board has power, upon a vote of not less than five members, to admit to compensation a foreign-built vessel owned by a citizen and admitted to registriy after the taking effect of the section. Such admission can only be made to a vessel built prior to the enactment of the act—that is, to existing vessels. This exception, therefore, will not permit new contracts to be placed abroad with the idea that the vessel may be given compensation. Further, only three years are allowed for the exercise of this prerogative by the board, for that time is sufficient to permit American shipyards to build the needed vessels.

OWNERSHIP OF VESSELS BY CITIZENS OF THE UNITED STATES.

Section 409: This section does not become effective until three years after the enactment of the act. Thereafter, at least 75 per cent of any vessel owner's total gross tonnage engaged in foreign trade must be American, otherwise he is deprived of any right to compensation under the act. This applies equally to tonnage owned, chartered, or for which the owner acts as agent.

Provision is made for the suspension by the board of this provision with respect to vessels of a particular type or kind not reasonably available under the American flag.

At the present time nearly all American vessel owners and operators are more or less heavily interested in foreign vessels. The committee feels that this was a condition which, in the interest of the American merchant marine, should not be allowed to continue. Of course, Americans must be allowed to be interested in foreign vessels if they see fit to do so, but it seems a reasonable requirement that they shall not receive the benefits of a subsidy unless they devote their capital, their skill, and their industry solely to the development of the American merchant marine, for whose benefit the subsidy is given. There can be no divided allegiance or conflicting interest. Such a radical change in existing shipping interests and relations, it was felt, however, could not be instantly brought about, and accordingly a period of three years was allowed before the section is to become effective.

ALTERATIONS IN RATE OF COMPENSATION.

Section 410: As the board has for sale a number of vessels of the passenger or combination type, some of which the United States acquired by seizure at the outbreak of the war, the sales price of these vessels will not reflect their present-day cost of construction. The rate of compensation for vessels of the higher speed is based upon their cost of construction. Obviously, therefore, the board should have it in its power to decrease the rate of compensation where vessels are sold at such prices, or, where special circumstances otherwise make it desirable, to reduce this rate from that provided for new construction.

On the other hand, it is possible that, to further carefully laid plans, either for trade or national defense, special types of vessels should be constructed whose nature might render them unprofitable for a number of years at least, or it might be that the board, to build up a trade over a certain route, desired to have a line operated thereon in spite of the fact that such operation will be manifestly unprofitable even with the scheduled amount of compensation. In order to bring into being such types of vessels, or to establish services upon special routes, the board has the power to give more than the schedule rate of compensation. Further, in case the conditions change materially after the contract has been entered into, the board may, with the consent of the vessel owner, alter, or further alter, the terms of the contract. It should be emphasized, however, that while the board is free to set such rate as it pleases in the contract that it enters into, no change can be made, once this contract is executed, except by mutual consent.

The maximum rate to which the amount of compensation can be set by the board is twice that provided in the bill. Any change in rate, either increase or decrease, can only be made upon the affirmative vote of not less than five members of the board, with full reasons for their actions spread upon the minutes.

MILEAGE AND CONSTRUCTIVE TONNAGE.

Section 405: Because of the fact that in small steamers the wage cost and cost of construction is very little less than for vessels of much greater size, the bill provides that these small steamers, on which a very large portion of our commerce depends by reason of our trade to the West Indies and Caribbean countries, should be computed for purposes of compensation upon a constructive gross tonnage in place of their actual tonnage. The words "power driven" have been defined

so as to include only those vessels whose horsepower bears a certain ratio to their gross tonnage. This prevents underpowered steamers or auxiliary vessels, who have not the differential which the constructive tonnage was designed to compensate, from receiving its benefits.

The mileage covered by the vessel is to be determined by the table of actual distances between the ports touched, except that when such distances do not fairly represent the distance required by efficient operation to be covered by the vessels, the board may allow up to the actual mileage covered by the ship. The idea of this exception was that vessels might be engaged in important work with a negligible distance between ports touched; for example, a steamer chartered to carry a cargo of coal to naval vessels operating at sea might return to her port of departure without having called at any port whatever, and hence without this exception not being entitled to any compensation.

FOREIGN TRADE.

Section 407: Because of the somewhat peculiar status of the island possessions of the United States with regard to their distance and their present lack of trade in any great volume, it was necessary in drafting the bill to define for compensation purposes foreign trade in such manner as would best promote the establishment of necessary services to our distant possessions and in a period of years would give them an opportunity to build us such trade, especially with the United States, as could be expected from their natural resources. With some of these possessions—small, distant, and in many cases used only as naval stations—it is hopeless to expect that their trade will ever reach such an extent as to make them profitable ports of call for first-class lines. The maintenance of services to such points is essentially part of the duty of the Nation and one of the basic reasons for national aid.

These points are cared for by providing that trade between ports of the United States, or between the United States and Alaska or Porto Rico, is not to be considered as foreign trade. Trade between the United States and Hawaii is not to be considered foreign trade unless the revenue from such trade forms one-fourth or less of the total revenue accruing to the vessel; or, in other words, the important part of the voyage is that part beyond Hawaii.

This special requirement was necessary because a vessel traveling, say, from San Francisco to the Philippines direct would be compensated for the entire distance. If a vessel which called at Hawaii was compensated only for the distance from Hawaii to the Philippines, the natural tendency would be to eliminate Hawaii as a port of call. On the other hand, if a vessel going past Hawaii were to be compensated fully for the run between the United States and Hawaii, even though the majority of her cargo were for or from those islands, it would seriously affect her competition with those lines terminating at the islands and therefore receiving no compensation whatever.

Intraisland carriage is also excluded from foreign trade for purposes of compensation. Special rulings can be made by the board in the case of unusual voyages, and such voyages can be considered as foreign trade even though passengers might be transported between two ports of the United States, provided the transportation is done in such manner as not to compete with vessels in the coastwise trade.

The compensation was designed primarily to be paid to vessels which were engaged in furthering the direct foreign trade of the United States; that is to say, were carrying passengers or cargo between the United States and foreign ports. Because of the excess of exports of the United States in bulk over the imports, the ordinary cargo steamer of the tramp type, as distinguished from the vessel operated on a regular line, must engage in indirect trade and adopt the so-called triangular route to reduce as much as possible the distance steamed in ballast. In order not to penalize such craft but at the same time to insure that vessels receiving compensation are engaged to a reasonable extent in the direct trade of the United States, the bill provides that a vessel shall be compensated for indirect trade provided it returns to the United States at least once a year.

One other type of service was excepted from the direct-trade provision. In distant waters there is a use for small vessels to collect cargo and bring it to some principal port, where it can be picked up by a larger vessel in direct trade, or to take it from such vessel and distribute it to the various ports of destination in small lots. The larger vessels can not with profit call at numerous ports. To supplement them vessels of this "feeder" type are needed, and under the American flag are to receive compensation, if otherwise eligible, provided the great part of their revenue is derived from persons or property received from or delivered to a vessel flying the United States flag and engaged in direct trade.

REPAYMENT OF COMPENSATION.

Section 417: The charge which has been most often brought against direct aid to shipping is that it led to abuses and resulted in profiteering. Your committee believes that in H. R. 12021 the possibility of these evils has been effectively prevented by a means probably unique in shipping legislation.

The rate of compensation itself has been set at a rate which falls short of equalizing the actual difference in cost of operation of American ships as compared to foreign vessels. The bill hedges about the payment of compensation with such requirements as to insure that all direct aid is paid to the vessels which are directly furthering the trade of the United States and promoting its future safety. In addition to all these restrictions, the bill further provides that compensation shall be returned by any vessel which does not actually need it.

In any year in which a vessel having a contract for compensation makes in excess of 10 per cent on its invested capital, the owner thereof must return half of all his net earnings in excess of 10 per cent until the entire amount of direct aid received in that year has been returned to the Treasury.

The bill provides in a most definite and certain manner that in computing his net profits the owner is restricted beyond any possibility of fraud to a profit based upon his vessels alone. He can not include the workings of other activities, such as stevedoring companies, piers, lighterage companies, or other means by which profits could be unequally distributed through a single control of several activities. In case he owns goods carried in his own vessels he can not charge himself a lower rate of freight nor otherwise penalize his ship to the advantage of his cargo. The ships, and the ships alone, are considered.

The committee feels that this provision should be sufficient answer to those who feel that national aid to shipping is a private raid upon the Treasury. While in no year and at no time guaranteeing any profit whatever to any vessel, the bill provides that any year in which the vessel makes a profit of more than 10 per cent she shall repay compensation to the Treasury.

ARMY AND NAVY TRANSPORTS.

Section 501: As another means of indirect aid the bill proposes that where adequate facilities are afforded by private American shipping for performing services required by the military or naval forces of the United States the President may direct that such forces lay up their own vessels or such of them as are not needed, or if the superfluous vessels are of a suitable commercial type they may be transferred to the Shipping Board for eventual sale or other disposal.

In such cases Army and Navy are directed to make the contracts with owners of private vessels necessary to obtain the required services. The section grants the power to make these contracts for a 10-year period, so that private owners may be assured of a permanence sufficient to justify the construction of special types of ships, or the investment otherwise of substantial amounts in establishing suitable services.

RELATIONS BETWEEN INTERSTATE COMMERCE COMMISSION AND UNITED STATES SHIPPING BOARD.

Section 602: This section reiterates the policy of Congress, expressed in previous legislation, to foster and promote both rail and water transportation. The importance of the closest cooperation between the United States Shipping Board and the Interstate Commerce Commission is recognized and a joint board is created to assist in solving the problems arising out of the interrelations of rail and water transportation.

The committee believes that valuable results may flow from thus bringing these two bodies together in a common effort to solve our vastly important and difficult transportation problems.

SECTION 607.

Section 28 of the act of 1920 may prove to be of valuable assistance in the upbuilding of our merchant marine. There has been a certain amount of distrust of its provisions on the part of various communities. To remove any apprehension the bill amends the section and permits the Interstate Commerce Commission and the Shipping Board, when both are of the opinion that the provisions of section 28, as amended, will result in changing the channels of transportation within the United States or in unduly congesting any ports, to suspend its operation.

TRANSPORTATION OF GOVERNMENT EMPLOYEES OR SUPPLIES.

Section 701: It is provided that, wherever practicable, the transportation of personnel and property of the United States the expense of whose transportation is borne by the Public Treasury shall be either in a vessel the property of the United States or in a vessel flying our flag.

In the case of passengers, if the travel is undertaken on a foreign flagship, the person concerned will be obliged to bear the expense himself unless the head of the organization of which the traveler is a member specifically approves or directs travel by such ship and reports the reason for so doing to the Shipping Board.

It seems unnecessary to comment on the futility of attempting to build up an American merchant marine if the Government itself does not set the example of patronizing, whenever possible, the vessels of its nationals.

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AMEND AND SUPPLEMENT THE MERCHANT MARINE ACT, 1920.

[House Report No. 1257, Sixty-seventh Congress, third session.]

Mr. GREENE of Massachusetts, from the Committee on the Merchant Marine and Fisheries, submitted the following report, to accompany H. R. 12817:

The Committee on the Merchant Marine and Fisheries, to whom was referred the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, having considered the same, report thereon with the recommendation that it do pass.

This bill is practically the same as H. R. 12021, reported to the House last June, except for a few changes which are hereinafter discussed. The reasons for the passage of this bill are fully set forth in House Report 1112, accompanying H. R. 12021. The following are the differences between this bill and that bill as reported:

REPORTS BY SHIPPING BOARD.

The second paragraph of section 12 of the shipping act, 1916, requires the board to include in its reports, among other things, "a statement of all expenditures and receipts under this act." This provision, strictly construed, would not require the board to make any statement of expenditures or receipts under any other act than the shipping act. In order to make clear that the board is required to make a statement of all expenditures and receipts, this paragraph of existing law is amended by section 703 of the bill.

INSURANCE.

This section amends section 9 of the merchant marine act of 1920 so as to permit the board to require purchasers of vessels from the board to place the insurance necessary to protect the equity of the United States in the vessel with the separate insurance fund, created under section 10 of the merchant marine act of 1920, in any case where the purchaser is unable to place such insurance with American insurance companies at as low a rate as that quoted by foreign insurance companies. It is obviously desirable that such insurance shall be placed at home, but at the same time the purchaser should not be burdened with the added insurance cost where for any reason he is unable to obtain his insurance with American companies at as favorable rate as from the foreign companies. To meet this situation the board is given authority to permit the placing of such insurance under these special circumstances in the insurance fund. This applies both to hull insurance and to protection and indemnity insurance. With respect to the latter form of insurance the board is permitted to waive the requirement that it shall be furnished by the purchaser in all cases. This is to meet the situation where the character of the vessel sold by the board is such as to make protection and indemnity insurance unnecessary for the proper protection of the Government's equity.

Section 10 of the merchant marine act of 1920 is amended so as to make possible the carrying out of the provisions of section 9 as amended. In addition, the language of section 10 is broadened so as to remove any doubt as to the power of the board to cover in its separate insurance fund every form of insurance, including both hull and protection and indemnity insurance, to the full extent of the interest or equity of the United States in any vessel. (See secs. 3 and 4 of the bill.)

COMPENSATION FOR THE CARRIAGE OF MAILS.

Under H. R. 12021 it is contemplated that any vessel in respect of which a contract for compensation under that act was executed would forego any compensation for mail other than parcel post and that compensation which would otherwise have accrued for such transportation would be turned over to the merchant marine fund. This procedure met with objections on the part of the Post Office Department, which contended that without receiving compensation directly for the carriage of mails vessels would cease to take an interest in the carriage of mails and the efficiency of the service would suffer therefrom. They also felt that certain administrative difficulties would arise in view of the fact that all compensation would be vested in the hands of the Shipping Board and that the Post Office Department, on which the responsibility for mail services still lay, would be deprived of effective authority and control over the carriers.

It was also felt that a certain amount of inequity might result. Cases might occur where two carriers were receiving the same subsidy, but one was carrying large quantities of mail while the other was carrying little, if any.

In order to correct this situation and at the same time to remove conflicting and obsolete legislation, the following changes are made:

Vessels receiving subsidy are not required to carry mails free of charge and the provision whereby the compensation properly payable for such transportation of mails was to be paid into the merchant-marine fund is struck out. The ocean mail act of 1891, no longer practically effective and under which no contracts exist to-day, is repealed. Sections 7 and 24 of the merchant marine act of 1920 are amended by striking out so much thereof as authorizes the Postmaster General, in conjunction with the Shipping Board, to enter into contracts for the carriage of mails. (See sec. 6 of the bill.)

In addition to the foregoing reasons for the change, there is the added one that the application of the eighteenth amendment and the Volstead Act seriously affects the revenues of passenger ships. It is these ships which usually carry the mails, and the committee feels that the slight additional compensation which would thereby accrue to passenger vessels is highly desirable in view of the difficulty experienced in maintaining under our laws American passenger services in competition with foreign services on which those laws are not applicable.

RATES OF INTERSTATE WATER CARRIERS.

The act of 1916 provided that common carriers by water in interstate commerce should file with the board their maximum rates and that if an unfair or unreasonable rate were charged the board could prescribe a just and reasonable maximum rate.

Section 704 amends section 18 of the shipping act of 1916 so that such carriers shall file with the board their actual rates, fares, and charges. These rates and charges can not be altered except with the approval of the board, and after 15 days' notice in the case of an increase and 5 days' notice in the case of reduction. In case the board disapproves any rate or charge on the ground that it is unjust or unreasonable, it may prescribe a reasonable rate or a maximum or minimum limit, or both. In this the procedure of the interstate commerce act is followed and the powers given the board herein with regard to interstate carriers by water are those which the Interstate Commerce Commission enjoys with regard to interstate commerce by rail.

APPROVAL OF BOARD TO TRANSFER OF DOCUMENTATION.

Section 42 of the shipping act of 1916 provides that vessels are documented under the laws of the United States until their documents are surrendered with the approval of the board. As it reads, however, this section only applies to Subdivision B of section 37 of the same act, which subdivision prohibits the transfer without the approval of the board of a vessel documented under the laws of the United States during war or national emergency. The effect of the amendment, which consists of the addition of the words "of section 9 and," is to make the board's approval of the surrender of documents equally necessary in time of peace and to prevent any evasion of the provisions of section 9 by first surrendering the vessel's documents and then transferring the undocumented vessel. (See sec. 709 of the bill.)

HOME PORT OF VESSELS OF THE UNITED STATES.

Section 4141 of the Revised Statutes reads as follows:

"Every vessel, except as is hereinafter provided, shall be registered by the collector of that collection district which includes the port to which such vessel shall belong at the time of her registry, which port shall be deemed to be that at or nearest to which the owner, if there be but one, or if more than one, the husband or acting and managing owner of such vessel, usually resides."

The above section was enacted in 1792, before the time when corporations were engaged in operating vessels. The language of the provision was framed without consideration of the possibility of corporate, as distinguished from individual, ownership of vessels. The result is that, if the requirement that a vessel's home port be the place where "the owner * * * usually resides" were literally enforced, many of our vessels would have home ports in such interior points as Denver, Colo., and Nogales, Ariz. However, the Bureau of Navigation has in practice generally authorized the issuance of the marine documents of a vessel at the port where the greater part of the vessel business of the owner is conducted rather than at such interior points. This interpretation of existing law is based in part upon the decision of the Supreme Court of the United States in White's Bank *v.* Smith (1868) (7 Wall. 646), in which the court remarked that the home port is the port where negotiations or dealings with respect to vessels would naturally be conducted and in part upon certain implications drawn from the case of Southern Pacific Co. *v.* Kentucky (1911) (222 U. S. 63). This existing practice of the Bureau of Navigation is made law by the present bill in order that any question as to the lawful authority of the bureau to select coast ports as home ports rather than interior points in the State in which the corporation is created may be removed.

The question of the home port of the vessel also is of importance, not only in connection with the place of issuance of marine documents but in determining the place at which records of sales, conveyances, and mortgages of vessels of the United States shall be made. Subsection B of section 30 of the merchant marine act, 1920, is therefore amended to require that such record shall be made at the home port, as shown in the vessel's documents. In inserting the language "as shown in the vessel's documents," the validity of the record is made to rest not upon the vendee's or mortgagee's guess as to the home port of the vessel but on the definite fact of the actual determination of the home port by the collector of customs and the Secretary of Commerce, as shown in the vessel's documents.

While the general rule provided by the change is that the home port shall be "that port of documentation at or nearest to, and in the same customs district as, the place at which there is conducted the greater part of the vessel business of the owner," the Secretary of Commerce is given power by regulation to prescribe home ports in cases not within the above rule—as, for instance, vessels owned by the United States or the United States Emergency Fleet Corporation, vessels not engaged in trade, as yachts or cable boats—and cases where there is no port of documentation in the same customs district as that which includes the place where the greater part of the vessel business of the owner is conducted.

The new provisions as to the home port of a vessel do not change the existing law (sec. 4178 of the Revised Statutes, as supplemented by sec. 21 of the act of June 26, 1884) relating to the port of hail of a vessel; i. e., the port whose name is to be painted upon the bow and stern of the vessel.

The new provisions determining the home port of a vessel do not in any way affect the situs of a vessel for taxation purposes, for the Supreme Court has held in Southern Pacific Co. *v.* Kentucky, above cited, that the taxable situs of a vessel is not dependent in any way upon the home port or port of hail.

Subsection O of section 30 of the merchant marine act, 1920, is also amended. The existing law provides that the documents of a vessel covered by a preferred mortgage may not be surrendered without the approval of the board, except in case of the forfeiture of the vessel and its sale by court order. By agreement between the Bureau of Navigation and the United States Shipping Board the board has given a blanket approval to surrender of the documents of a vessel covered by a preferred mortgage, in case of the renewal of the documents without change in ownership of the vessel, and in case of change of documents incident to change of trade, but without change of ownership of the vessel. These additional cases are now incorporated in the law. (See secs. 705 to 708 of the bill.)

TAX PROVISIONS.

Several minor changes have been made in the administrative provisions of Title II of the bill relating to taxation.

The Assistant Secretary read the minority views, as follows:

MINORITY VIEWS.

GOVERNMENTAL POLICY.

This is a proposal to enact a law adopting a permanent policy of the Government which has been repeatedly proposed heretofore and as often rejected by Congress.

That policy involves launching the Government upon a sea of trouble and enormous expense, in the form of a direct cash contribution from the Treasury to specific private enterprise.

The proposal is based upon the averment that the adoption of such a policy is necessary to the establishment and maintenance of a merchant marine adequate for the needs of the United States.

The measure is attempted to be supported by the assumption that it is sound because the opponents of such a policy do not propose anything better or different.

Such an assumption is, of course, unwarranted. It assumes that if an unwise or positively vicious measure is proposed it should be accepted, unless some substitute for it is suggested.

The answer to such a measure is and must be resistance and defeat.

Any attempt to modify, amend, or substitute, means compromise, more or less recognition of the principle involved, and therefore would be inadequate and unsatisfactory.

The argument in support of the measure is based upon two proposals.

First. The Government now has a fleet of some 1,400 steel vessels, cargo carriers, and 44 passenger carriers, and their maintenance and operation is costing the Government some $3,000,000 per month over and above their earnings.

Second. It is essential to the establishment and maintenance of an American merchant marine that these vessels should pass to private ownership speedily and the Government agency or bureau known as the United States Shipping Board should go out of existence.

The first and complete answer to these reasons for the measure is that it will not accomplish either of these things.

The second answer is that by the merchant marine act of 1920 ample provision has been made for the orderly and proper accomplishment of these proposals in so far as they should be accomplished in the public interest.

The third answer is, if the Shipping Board is incompetent or inefficient and can not execute the law or administer the affairs intrusted to it, the remedy does not lie in making an annual draft on the Treasury of from $53,000,000 to $75,000,000, but rather by a change of officials or Government agency, or change in the plans and practices which are producing alleged disastrous results.

The proposed measure means simply the establishment of a general subsidy system which will be fastened on the country for an indefinite period.

That can be determined on its merits, and the fact of the Government's having idle ships is not a material factor.

That it is put forward simply shows that the bill is based on a temporary situation which happens to be a period of intense depression.

It is a question of cargoes, and payments out of the Treasury will not solve that question. Natural and economic causes for decline in volume of international trade can not be overcome by financial Federal aid, out of the Treasury, to ships.

The whole tendency of the administration is against encouraging international trade. We can not have cargoes in the absence of foreign trade. Losses will not be eliminated because only a small portion of the tonnage will pass into private hands, as proponents of the bill admit, even if it should become a law, for years to come, and a costly overhead will continue.

In consequence, overhead expenses of the bureau and the losses will simply be supplemented by cash out of the Treasury. The taxes of the people will be increased by the amount of the aid given.

If the Government had no ships would this subsidy be voted?

The Government owning the ships, with full authority under existing laws in the Shipping Board to dispose of them on such terms as they may determine, so far from that situation supporting the grounds for the subsidy, it absolutely destroys or removes all basis for the demand.

The claim that there is need for a balancing of the fleet, as an argument for some of the provisions of the measure, is fallacious. We will never get a balanced fleet under this bill.

COMPENSATION—DIRECT SUBSIDY.

It is alleged that the subsidy is intended for the benefit of a suitable fleet to carry American grain and provisions and cotton to markets in foreign lands. These are described as "the farmers' kind of ships."

It is perfectly plain, on the other hand, that the ships which would chiefly be benefited are not the cargo ships at all, but passenger ships, and those of other types.

For instance, a cargo ship of 5,500 gross tons, such as those vessels built at Hog Island, would receive a minimum compensation. Such a ship, along with practically 1,200 others, composing our cargo carriers, would have about 200 steaming days a year, and make about 200 miles a day, and receive the one-half-cent rate, which would amount to about $11,000 per annum.

It is not conceivable that this amount would induce purchasers to acquire those ships or be a very material figure in their operations.

On the other hand, for instance, the *George Washington*, 25,000 gross tons, would receive approximately $300,000 per annum.

This ship on a recent voyage, just completed, made a profit over expenses of $140,000.

Is there any need for taxing the people $300,000 a year to be paid out of the Treasury to this particular ship directly when she is, even in present circumstances, able to make a profit of $140,000 per voyage?

Her sister ship, *America*, made a net profit of $45,000 on her last voyage, and she would receive out of the Treasury annually a gift of $300,000 under this bill.

These ships are 18½ knots, and it is estimated that they would sail 400 miles a day, and have 220 sailing days, and they would receive 1.3 cents per gross ton for each 100 miles.

If these passenger ships carried mail they would receive the mail subsidy in addition to the compensation mentioned.

The Standard Oil Co. has approximately 100 ships, aggregating 700,000 gross tons. Even at the minimum rate they would receive, as the bill was introduced and reported, a subsidy in the shape of direct compensation, it is called, of about $1,500,000 a year, notwithstanding they are engaged primarily in carrying products of their own. The bill was amended so as to eliminate this particular contribution to them as respects their own goods.

The United States Steel Corporation has 35 ships, aggregating 200,000 gross tons. They are engaged in carrying their own products primarily, but they would receive out of the Treasury, as the bill was reported, and from this direct compensation, approximately $500,000 a year. This, too, was eliminated by amendment, as applied to their own products.

The United Fruit Co. has 22 ships, 100,000 gross tons. On this compensation basis they would receive, as the bill was reported, about $250,000 a year, although they were built and are operated primarily for the transportation of their own commodities. The amendment applied to these vessels, respecting their own commodities.

The *William Penn*, 7,600 gross tons, our only ship equipped with the Diesel engine, recently made a voyage to the Orient, and her net profits were $30,000—her speed 10 knots.

The operating expenses of these ships equipped with the Diesel engine is about two-thirds of the oil or coal burners. The oil burner is generally cheaper than the coal.

Under this bill the *Minnekahda*, 17,281 gross tons. 16½ knots, would have a rate of compensation of 1 cent, and her subsidy would amount to $150,000 a year. She is owned by the Atlantic Transport Line, affiliated with the International Mercantile Marine. We never understood they were in need of a subsidy, or of any direct aid by way of compensation.

The Pacific Mail has 12 ships. They are rather slow and small, and they aggregate 60,000 gross tons, and the amount of compensation or direct subsidy for the entire fleet would be about $150,000 under this bill.

It will be seen that one ship of 17,281 gross tons would receive as much compensation as an entire fleet of 12 ships of the aggregate gross tonnage of 60,000 would receive.

The *Leviathan* will be entitled to receive of this direct compensation $1,250,000 per annum, which may be doubled.

In all cases compensation is to be computed "for each gross ton of the vessel," no matter what her cargo may be. If she goes empty, she will receive as much as if she goes loaded.

We mention these cases by way of illustrating how the bill would operate and to show the utterly indefensible results of the legislation.

These contracts are to run for 10 years from the time they are made—not from the passage of this act—as the bill was reported, but the Commerce Committee proposes to amend by limiting the period of all contracts to 15 years after the passage of the act. That question may go to conference.

It is true the bill vests in the Shipping Board the power to withhold compensation entirely or double it, at its discretion.

Instead of strengthening the bill, this provision, vesting such enormous power in a bureau which loudly proclaims its inability to cope with the situation, is enough to defeat it.

This power to build up or destroy ports, to enrich or impoverish ship lines, thus dominating localities, controlling shipowners, ship operators, and financial institutions, and the insurance companies, and all other connecting interests, would make that bureau a political autocracy and a dominating influence, equipped to work its own will.

SUBVENTIONS AND INDIRECT SUBSIDY.

As to indirect subsidies and subventions provided in the bill as reported to and as it passed the House, it was conceded by the proponents of the measure that they can not be, without any approach to accuracy, estimated. In that form, it was admitted, such benefits would be greater in extent and value than the direct compensation provided.

Congress was asked, therefore, to pass a law conferring benefits in the way of exemptions from taxation and deductions from income taxes, the extent and amount of which can not be stated, but known to be most unusual, discriminatory, and extensive, and constituting drains on the Public Treasury. The Commerce Committee of the Senate reports an amendment striking out sections 201 and 202, respecting exemptions from income taxes, and that question may go to conference.

The estimates of benefits arising from this provision in the bill range all the way from $7,000,000 to $15,000,000 per annum. Then, in addition, there are provisions respecting a huge loan fund at 4½ per cent (reported at 2 per cent), respecting the transportation of immigrants, depreciation allowances, monopoly of the mails, elimination of Army and Navy transports, transportation of Government officers and supplies, all conferring extensive indirect aids.

LOSSES.

Regarding the alleged losses now experienced by the Shipping Board from operations we have no accurate data.

One thing is certain, and that is, there is no occasion for continuing those losses.

If the Shipping Board can not escape them, then let them turn the ships over to the Panama Steamship Co., or to the United States Line, under Mr. Rossbottom, these two concerns alone now being guilty of the offense of Government operation, and we have no doubt we will share in the experience which these lines have enjoyed up to this time, namely, a profitable and successful business.

The present plan of operation by the Shipping Board was condemned in the hearings on the urgent deficiency appropriation bill, July 27, 1921, by the chairman and his advisors. (See pp. 17, 116, 117, and 118 of those hearings.)

The chairman of the committee asked Mr. Smull (p. 117):

"You are not in favor of continuing this present contract under which the Government pays all of the expenses and the operator receives 5 per cent of gross receipts?

"Mr. SMULL. I would prefer to have a man with something at stake, so that he would be vitally interested in the operation of the boats.

"The CHAIRMAN. Are you in favor of abolishing the present contract system of operating those ships?

"Mr. SMULL. Yes, sir.

"The CHAIRMAN. Is there any chance under the present system for the Government ever to make anything out of the operation of ships?

"Mr. SMULL. That just keeps the Government in the business.

"The CHAIRMAN. And it keeps the taxpayers paying the loss?

"Mr. SMULL. Yes."

And yet that system has been continued, and it has been the only kind of Government operation we have had until recently, when the United States Line was placed in charge of Mr. Rossbottom, who was borrowed from the Panama Steamship Co. to operate that line for the Government.

All the other ships are operated under that system, to wit, a contract made with private parties under which the Government pays all of the expenses and the operator receives 5 per cent of the gross receipts.

As to the alternative proposal, briefly it may be stated in the language of Mr. Lasker, the chairman of the Shipping Board, at the hearings which we have alluded to, at page 116.

Mr. Smull then said:

"The best plan, and the one we advocate most strongly, is the sale of the ships, so as to get rid of the fleet, and get out of the business entirely. Getting these ships into American ownership is the best plan, and that will be done as soon as the market will absorb this tonnage and give us any kind of price which will let us out at all.

"Mr. KELLEY. Have you figured how much leeway Congress should give you in order to get rid of this fleet?

"Mr. SMULL. That is a hard question.

"Mr. LASKER. I will answer it. When the world's shipping gets buoyant the avarice of men will make them want to increase their fleets, and we will sell the ships, and that day is sure to come; and the Government has got to keep the ships going and put confidence either in ourselves or some others to keep them going as efficiently as can be under the circumstances until such time arrives. Is that a fair statement?

"Mr. SMULL. Yes, sir; I can not tell you how long it will be."

AMOUNT OF SUBSIDY.

Let us quote from Lasker himself respecting two other important facts.

At the hearings of the joint committee on this measure as it was first introduced, page 273, Mr. Lasker gave the items as to the amount of the proposed subsidy.

He said:

"The total cost to the Treasury if the bill ever becomes highly successful in operating, so that we have an adequate merchant marine for peace and war, will be:

Customs	$30,000,000
Tonnage	4,000,000
Income tax	10,000,000
Construction	3,000,000
Postage	5,000,000

"Mr. DAVIS. How much does that add up—$52,000,000?

"Mr. LASKER. That will add up $52,000,000."

If the Commerce Committee's amendment prevails, it would exclude one item in this list, to wit, income tax. That has not yet been determined, but supposing that elimination is accomplished, the subsidy would then stand at $42,000,000 a year.

How consistent is that with the talk that the amount of this subsidy should not exceed one-half of the present losses from operation!

HIGH WAGE COST.

A great deal has been made of the suggestion that our laws operate to make the cost of operation of American ships greater than the cost of foreign ships.

At the hearings mentioned, page 43, volume 1, the following appears:

"Mr. BANKHEAD. I understand from the President's address to Congress, and also from the statement that you have made, that you do not undertake to recommend or urge any material change in the seaman's act that now exists?

"Mr. LASKER. You are right. I want to take occasion to say here that I think the seaman's act has been one of the most misrepresented acts of which I have ever heard. I came down to Washington believing, as most people in my part of the country do, if you repeal the seaman's act you would have a merchant marine. That is pure bunk.

"Mr. BANKHEAD. That is the reason I asked the question, because for a long time those who were undertaking to give reasons why we could not operate successfully with our foreign competitors based their assertions exclusively on the discrimination caused by the seaman's act.

"Mr. LASKER. I think they have gotten worn out on those representations.

"Mr. BANKHEAD. I am glad to hear that."

At the hearings Mr. Andrew Furuseth stated:

"As a result of these reductions the wages of American seamen are now much lower than the wages of Canadian and Australian seamen; are practically on a level with British wages; and are substantially higher than the wages only of Japanese among the principal maritime nations."

SHIPYARDS.

We have all the raw material for building ships in the United States. We have demonstrated our ability to build ships. At Hog Island we laid the keel of a cargo steel ship and launched her in 27 days. We set the high mark and standard for the world.

Under the recent tariff act we tax ships 50 per cent of the repairs made in foreign yards in order to force them to have their work done in our yards. This will add to insurance and other expenses of the American ships.

What we lack in this country is cooperation on the part of shippers and owners and the people generally. It is that spirit of cooperation which has built up the merchant marine of other countries.

Subsidies never created or maintained permanently a merchant marine in any country.

SUBSIDIES TO COMPETITORS.

It is argued that we must have a subsidy because our competitors subsidize shipping and shipyards.

These competitors are named as Great Britain, France, Italy, and Japan.

The entire aggregate provision made for subsidies, subventions, and other aids in those countries amounts all told—Great Britain, France, Italy, and Japan—to approximately $17,000,000 per annum.

Ten per cent of our customs duties would yield over $40,000,000, which must go into this compensation fund under this bill.

That item alone will amount to nearly three times the total of all subsidies and subventions afforded by all our competitors named.

On this subject of cooperation we refer to clipping from a newspaper headed, "Germans building ships for Bethlehem Steel Co." and reading as follows:

"HAMBURG, November 19.—Two motor-driven ore-carrying steamships, each of 20,000 tons and measuring 560 feet in length and 72 feet in width, are under construction in German shipyards here for the Bethlehem Steel Co. The boats will ply between Chile and the United States."

Also,

[From the Public Ledger.]

ORDER SHIPS BUILT ABROAD—LIVERPOOL FIRM TO BUILD THREE FOR BOSTON CONCERN.

(Special cable dispatch.)

"LONDON, June 25.—Three electric motor-driven refrigerator ships have been ordered by the United Fruit Co., of Boston, from Liverpool shipbuilders, it was announced to-day.

"The operative power will consist of Diesel engines, and each ship will be about 4,000 gross tons, making them the largest ships in American fruit trade to make use of this new type of engine."

And,

[From the Manufacturers' News of Chicago.]

"CHICAGO.—The arrival June 12 of the Cunard Line steamship *Mauretania* at Cherbourg with Morris & Co. products from Chicago again demonstrated the practicability of a fast overseas freight service from Chicago to Europe in seven days. On June 4 the shipment left Chicago over the Erie Railroad at 4.30 a. m., and after a fast run to New York was loaded aboard the *Mauretania* early Tuesday morning. The ship sailed at 1.30 p. m. same day. Cablegrams announce the arrival of the ship after a world's record-breaking ocean voyage, 5 days, 8 hours, and 10 minutes to Cherbourg, France, making a total running time from Chicago of 7 days, 9 hours, and 40 minutes.

"Two weeks before the White Star liner *Majestic* carried a shipment from Chicago to Southampton in 7 days, 11 hours, and 56 minutes in connection with a fast New York Central train.

"Another refrigerator trainload of provisions from Chicago, over the Erie Railroad, was loaded Saturday onto the fast Cunard liner *Caronia* for Hamburg, Germany, and on the White Star liner *Majestic*, which also sailed Saturday noon."

This is simply an illustration to show that legislation—donations, gifts, aids, subsidies—such as proposed here will not solve our problem.

Our total exports and imports for this year are but little over one-third what they were in 1920. The world's trade pendulum will swing upward again, and there is no occasion to be stampeded into paying some people to relieve the Government of temporarily unsalable but very valuable property.

THE GOAL.

We must keep in mind the real and vital purpose of a merchant marine, namely, the preservation, development, and extension of American commerce overseas. We make a mistake to constantly think only in terms of the ship operator and his profits. Commerce is the main thing. While we are establishing new markets, new shipping lines, transportation may not be profitable purely as a business venture, particularly in times of depression and readjustment, we must expect to encounter discouragement and financial loss. That condition simply calls for constant prodigious effort. We will make national advancement and enrich American commerce beyond the seas by such effort and proper cooperation, resulting in the creation and maintenance of an American merchant marine. At the same time, while promoting foreign trade, we provide a fleet of vessels to meet national emergencies.

The kind of encouragement and support, and the ways and means of supplying it, as provided in this bill, would simply result in the unseemly spectacle of representatives of private enterprise crowding to the Capital from every quarter of the country, besieging the Shipping Board, vested with the vast powers provided in the bill, for a participation in governmental favors. It is inconceivable that such a spectacle should be tolerated.

"MO 4" CONTRACTS.

Operating losses are arising by reason of the falling off in international trade and the fact that the Government ships are being operated under what is known as the MO 4 contract, except only in the case of the United States Line, now under the management of Mr. Rossbottom for the Shipping Board.

This contract Mr. Lasker himself said in July, 1921, page 16 of the hearings before the subcommittee of the House Committee on Appropriations on the urgent deficiency bill, "is the most shameful piece of chicane, inefficiency, and of looting of the Public Treasury that the human mind can devise."

Further, he said, page 17:

"The minute that the world trade shows up at all, the minute it gets so that men may make money, we are going either to make them charter or buy these boats or take them away from them and give them to somebody who will charter or buy, and maybe while doing that we can get rid of some, but in the meantime we are under this MO 4 contract."

He promised also:

"If we have not fully succeeded in putting in our system, you can hurl it back to me when I come again in six months."

It has now been a year and a half since the promise to change that plan so strongly denounced by Mr. Lasker was made, and yet it is continued.

As to Government ships operated by companies in connection with their own, there would appear to be no justification for the plan—the MO 4 contract—and no escape from loss. It was condemned in the strongest language a year and a half ago, and yet it is continued in practice.

Operating losses have been reduced by tying up two-thirds of the ships and operating only one-third, approximately.

The problem is stated to be to relieve the Public Treasury of the drain of about $50,000,000 a year, estimated by those who heard the testimony before the joint committee to be about $36,000,000 instead. This is the chief plea for the subsidy which is erroneously stated to be about one-half that amount, in the face of itemized estimates by the board that it will amount to $52,000,000 a year, and while the direct subsidy may be limited to $30,000,000, the mail monopoly and other indirect aids will be very considerable. Instead of merely authorizing all moneys in the merchant marine fund to be appropriated the committee amendment (p. 24, line 7) permanently appropriates all such moneys, except the discretionary increases. There is therefore $30,000,000 a year actually and permanently appropriated in the way of direct subsidy, and the friends of the measure themselves can not definitely say what the various aids and benefits will aggregate.

These vast donations to shipowners will be added to terrific expenses of Shipping Board and Fleet Corporation. A few hundred of the best and only profit-producing ships of the fleet will be sold at about one-tenth their cost; the remainder will be on hand, tied up, or operated at a loss. Nothing will be gained, but enormous burdens will be added.

ALTERNATIVE.

The proper course is, the alternative, if you please, to stop this loss immediately by turning all the ships over to the highly successful Government-owned and Government-operated line, and the only one, except the United States Line, lately established in the trans-Atlantic business, the Panama Steamship Co., or both that company and the only other Government-owned and operated line, the United States Line, or else care for and operate them directly, properly, and efficiently, as conditions require. Not only would the loss be stopped, but the ships employed would be operated at a profit, as are the ships now being operated by these two Government steamship companies.

AMERICAN SHIPPING.

The rash claim is made that American shipping can not exist, that private shipowners can not finance themselves, without a subsidy.

The answer is, there is to-day a greater privately owned tonnage under the American flag than there ever has been in the whole history of our country at any previous time.

On November 1, 1922, there were 1,960 privately owned ships of 500 gross tons or over, and the total tonnage of these ships is 5,797,925 gross tons—approximately 8,500,000 dead-weight tons. They are being operated by some 76 ship-owning corporations, under the American flag, without any subsidy, and new ships are being constantly added.

At least 16 American companies are operating ships under the American flag, successfully and profitably, to foreign countries, in competition with foreign-flag ships, without a subsidy.

The effect of a subsidy will be not to create but to retard the proper and permanent development of an American merchant marine. The subsidy proposed will be at best a premium on inefficiency.

Subsidy never created, established, or maintained permanently a merchant marine in any country. It has proven either an unimportant or a positively harmful factor wherever tried.

Some 14 companies owning ships for their own requirements primarily, carrying their own goods, capitalized at $5,046,000,000, will receive compensation and benefits under this bill, running into millions. Its provisions are indefensible and monstrous as it was reported, and the amendments agreed to and those now proposed still leave the principle asserted and an unwise policy established and the tax of millions each year for 15 years fixed and certain.

GETTING RID OF THE SHIPPING BOARD.

One avowed object of this measure is to put the Shipping Board out of business.

We submit it is not in the public interest to dispense with a Government agency of this character.

Whether all the ships are privately owned, or whether some are so owned, and some are owned by the Government—in any case we shall need some governmental agency to deal with the question of rates at which American commerce shall be carried. If this measure is passed and results in the elimination of the Shipping Board, as its friends intend and expect, American commerce will be at the mercy of the lines running and operating the ships, even though they fly our flag. Conference agreements will determine the rates of freight, as well as passenger traffic. There would be no control with reference to the routes upon which steamship lines would be established.

These questions of rates and routes, together with questions of discrimination, classification, insurance, and such other regulatory powers as will favor the development of American trade in foreign lands and facilitate the movement of our surplus products overseas are matters which clearly should be within the supervision and control of the Government. Unless the ocean freight rates are kept just and reasonable it avails us little to have our flag on the ships.

For these reasons an effort to dispense with the Shipping Board and close up its affairs should not prevail unless some substitute is provided.

This, of course, is predicated upon the theory that such a board will perform its full duty, conscientiously and intelligently.

The bill should not pass.

DUNCAN U. FLETCHER.
MORRIS SHEPPARD.
T. H. CARAWAY.
N. B. DIAL.
F. M. SIMMONS.

Mr. JONES of Washington. Mr. President, I ask unanimous consent for the adoption of the following order. One Senator especially has stated to me that he would like to have four or five hundred copies of the bill to send out to his constituents, and he also stated that several other Senators would like to do the same thing.

The VICE PRESIDENT. The Secretary will read the proposed order.

The order was read and agreed to as follows:

Ordered, That 5,000 copies of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, be printed for the use of the Senate document room.

EXECUTIVE SESSION.

Mr. JONES of Washington. I had intended to go on this afternoon and finish my statement with reference to the bill, but several Senators have asked me not to do that until to-morrow. Therefore I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were opened, and the Senate (at 4 o'clock and 5 minutes p. m.) adjourned until to-morrow, Tuesday, December 12, 1922, at 12 o'clock noon.

CONFIRMATIONS.

Executive nominations confirmed by the Senate December 11, 1922.

UNITED STATES COAL COMMISSION.

John Hays Hammond.
Thomas Riley Marshall.
Samuel Alschuler.
Clark Howell.
George Otis Smith.
Edward T. Devine.
Charles P. Neill.

APPOINTMENTS IN THE REGULAR ARMY.

To be captains.

Maj. Richard Bolles Paddock, Field Artillery.
Maj. Carl Spatz, Air Service.
Maj. Harold Roe Bull, Infantry.
Maj. James Byron Haskell, Coast Artillery Corps.
Maj. Charles Morton Milliken, Signal Corps.
Maj. James Fred Byrom, Infantry.
Maj. Woodfin Grady Jones, Infantry.
Maj. James Patrick Hogan, Coast Artillery Corps.
Maj. Paul Clarence Paschal, Infantry.
Maj. John Leo Parkinson, Infantry.
Maj. Rudolph Gwinn Whitten, Infantry.
Maj. Louis Thomas Byrne, Infantry.
Maj. Gooding Packard, Coast Artillery Corps.
Maj. Glenn Preston Anderson, Coast Artillery Corps.
Maj. Walter Cyrus Gullion, Adjutant General's Department.
Maj. Francis Marion Brannan, Infantry.
Maj. Vicente Lim, Philippine Scouts.
Maj. Adam Empie Potts, Coast Artillery Corps.
Maj. William Rutledge Orton, Infantry.
Maj. Rufus Sumter Bratton, Infantry.
Maj. Thomas George Lanphier, Air Service.
Maj. Sylvester DeWitt Downs, jr., Field Artillery.
Maj. Orlando Ward, Field Artillery.
Maj. Benjamin Grant Weir, Air Service.
Maj. Ralph Royce, Air Service.
Maj. Thomas Huntington Monroe, Infantry.
Maj. Roger Burnett Harrison, Infantry.
Maj. Benjamin Fiery Hoge, Cavalry.
Maj. Frederick Herr, Cavalry.
Maj. Clifford James Mathews, Infantry.
Maj. Frank William Milburn, Infantry.
Maj. George Horton Steel, Quartermaster Corps.
Maj. Harold William James, Infantry.
Maj. Donald Henley, Infantry.
Maj. John Hamilton Chew Williams, Air Service.
Maj. Richard William Cooksey, Cavalry.
Maj. James deBarth Walbach, Coast Artillery Corps.

To be first lieutenants.

Capt. Overton Walsh, Field Artillery.
Capt. Clarence Harvey Bragg, Infantry.
Capt. Paul Rutherford Knight, Infantry.
Capt. DeWitt Clinton Smith, jr., Infantry.
Capt. John Curtis Newton, Infantry.
Capt. Vaughan Morris Cannon, Cavalry.
Capt. Wilson Stuart Zimmerman, Field Artillery.
Capt. Graeme Gordon Parks, Infantry.
Capt. Edwin Paull Ketchum, Corps of Engineers.
Capt. Frank Lee McCoy, Infantry.
Capt. Cyril Clifton Chandler, Infantry.
Capt. Fred Harold Norris, Infantry.
Capt. James Francis Clark Hyde, Corps of Engineers.
Capt. Robert James Kirk, jr., Infantry.
Capt. James Edward Mendenhall, Infantry.
Capt. Leo Alexander Bessette, Infantry.
Capt. Kent Clayton Mead, Infantry.
Capt. James Wellington Younger, Quartermaster Corps.
Capt. Amory Vivian Eliot, Infantry.
Capt. James Clarence Reed, Infantry.
Capt. John Matthew Clarke, Quartermaster Corps.
Capt. Charles Oliver Wolfe, Infantry.

To be second lieutenants.

First Lieut. John Creel Hamilton, Cavalry.
First Lieut. John Joseph Breen, Ordnance Department.
First Lieut. Mark Rhoads, Cavalry.
First Lieut. Edward Arthur Dolph, Coast Artillery Corps.
First Lieut. Joseph Kittredge Baker, Cavalry.
First Lieut. Charles William Leng, jr., Cavalry.
First Lieut. Edward Ward Hendrick, Coast Artillery Corps.
First Lieut. Frederick Pearson, Infantry.
First Lieut. Charles Frederick Colson, Infantry.
First Lieut. Albert Walker Johnson, Cavalry.
First Lieut. Donald Frederic Carroll, Infantry.
First Lieut. Bernard Wellington Slifer, Coast Artillery Corps.
First Lieut. Willard Ames Holbrook, jr., Cavalry.
First Lieut. Auston Monroe Wilson, jr., Coast Artillery Corps.
First Lieut. Samuel Powell Walker, jr., Cavalry.
First Lieut. Robert Alwin Schow, Infantry.
First Lieut. John Harrison Stokes, jr., Infantry.
First Lieut. Jesse Ellis Graham, Infantry.
First Lieut. Carlyle West Graybeal, Air Service.

POSTMASTERS.

INDIANA.

Stella D. Evans, Russellville.
Bert C. Lind, Sanborn.

NEW JERSEY.

Sadie E. Johnson, Fort Hancock.
Arity L. Hope, Raritan.

OHIO.

George R. Warren, Groveport.
Clarence E. Dowling, Prairie Depot.

RHODE ISLAND.

Arthur L. Taylor, Phenix.

SOUTH CAROLINA.

George S. McCravey, Liberty.

HOUSE OF REPRESENTATIVES.

MONDAY, *December 11, 1922.*

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, bless abundantly the Congress assembled and let the unifying principle be founded upon the moral forces of justice and righteousness. Upon the work of this day let Thy benediction rest. May the knowledge that we have of Thee be so directed that we shall go on to greater virtue, to finer fortitude, to better aspiration, and to utmost endeavor for our country's sake. Everywhere promote mutual confidence among men, and may no great destructive power be allowed to spread its dark shadows over humanity. By faith, by hope, and by love may we hold on to Thee and the best that is in the world. Through Christ. Amen.

The Journal of the proceedings of Saturday, December 9, 1922, was read and approved.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 3593. An act to authorize an exchange of lands with owners of private land holdings within the Glacier National Park.

The message also announced that the President pro tempore had appointed Mr. BALL and Mr. TRAMMELL members of the joint select committee on the part of the Senate, as provided for in the act of January 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers of the Board of Inspection and Survey, Navy Department.

SENATE BILL REFERRED.

Under clause 2, Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 3593. An act to authorize an exchange of lands with owners of private land holdings within the Glacier National Park; to the Committee on the Public Lands.

APPROPRIATION BILL FOR DEPARTMENTS OF COMMERCE AND LABOR.

Mr. SHREVE, from the Committee on Appropriations, reported a bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year 1924, and for other purposes, which, with the accompanying report, was ordered printed and referred to the Committee of the Whole House on the state of the Union.

Mr. BYRNS of Tennessee. Mr. Speaker, I reserve all points of order on the bill.

The SPEAKER. The gentleman from Tennessee reserves all points of order on the bill.

RESIGNATIONS FROM COMMITTEES.

The SPEAKER. The Chair lays before the House the following resignations, which the Clerk will read.

The Clerk read as follows:

DECEMBER 11, 1922.

Hon. FREDERICK H. GILLETT,
Speaker of the House of Representatives.

MY DEAR MR. SPEAKER: I herewith tender my resignation as a member of the Committee on Expenditures in the Post Office Department, and request that the same be immediately accepted.

Respectfully,

F. N. ZIHLMAN.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

The Clerk read as follows:

DECEMBER 11, 1922.

SPEAKER OF THE HOUSE OF REPRESENTATIVES.

My DEAR MR. SPEAKER: I herewith offer my resignation as a member of the following committees: Merchant Marine and Fisheries, Indian Affairs, Expenditures in the War Department, and request that the same be immediately accepted.

Respectfully, ALBERT W. JEFFERIS.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

ELECTIONS TO COMMITTEES.

Mr. MONDELL. Mr. Speaker, I offer the following resolution.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

Resolved, That JAMES H. MACLAFFERTY, Member of Congress from the sixth district of California, be, and he is hereby, elected a member of standing committees of the House, as follows: Mines and Mining; Insular Affairs; Expenditures in the Treasury Department; and

That A. R. HUMPHREY, Member of Congress from the sixth district of Nebraska, be, and he is hereby, elected a member of the Committees on Irrigation of Arid Lands; Claims; and Alcoholic Liquor Traffic; and

That R. H. THORPE, Member of Congress from the first district of Nebraska, be, and he is hereby, elected a member of the Committees on Invalid Pensions; Territories; and Expenditures in the Department of Commerce; and

That CHARLES L. GIFFORD, Member of Congress from the sixteenth district of Massachusetts, be, and he is hereby, elected a member of the Committees on Coinage, Weights, and Measures; Election of President, Vice President, and Representatives in Congress; and Expenditures in the War Department; and

That WINNIFRED MASON HUCK, Member of Congress at large from the State of Illinois, be, and she is hereby, elected a member of the Committees on Reform in the Civil Service; Woman Suffrage; and Expenditures in the Department of Commerce; and

That ALBERT W. JEFFERIS, Member of Congress from the second district of Nebraska, be, and he is hereby, elected a member of the Committee on the Judiciary; and

That FREDERICK N. ZIHLMAN, Member of Congress from the sixth district of Maryland, be, and he is hereby, elected chairman of the Committee on Labor; and

That JAMES P. GLYNN, Member of Congress from the fifth district of Connecticut, be, and he is hereby, elected chairman of the Committee on Expenditures in the Post Office Department; and

That THOMAS D. SCHALL, Member of Congress from the tenth district of Minnesota, be, and he is hereby, elected chairman of the Committee on Alcoholic Liquor Traffic.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

PENSIONS.

Mr. FULLER. Mr. Speaker, a few days ago I endeavored to have the bill (S. 3275) granting pensions and increase of pensions to certain soldiers and sailors of the Civil and Mexican Wars, and to certain widows, former widows, minor children, and helpless children of said soldiers and sailors, and to widows of the War of 1812, and to certain Indian war veterans and widows, sent to conference. At that time the gentleman from Texas [Mr. BLACK] made an objection, but after conference with him I understand that he does not now wish to object further. Therefore I ask unanimous consent that the bill S. 3275 be taken from the Speaker's table, and that the House further insist on the amendments of the House and agree to the conference asked for by the Senate.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (S. 3275) granting pensions and increase of pension to certain soldiers and sailors of the Civil and Mexican Wars, and to certain widows, former widows, minor children, and helpless children of said soldiers and sailors, and to widows of the War of 1812, and to certain Indian war veterans and widows.

The SPEAKER. Is there objection?

Mr. BLACK. Mr. Speaker, reserving the right to object, the gentleman from Illinois [Mr. FULLER] one day last week asked unanimous consent to take this bill from the Speaker's table and agree to the conference asked for by the Senate. I objected because I wanted time to compare the Senate bill and the House bill. Since then I have had that time, and I find, according to my judgment and my viewpoint, that there are some very objectionable features in both bills, but as far as I am able to figure, the House bill, if passed without amendment in lieu of the Senate bill, would probably entail a larger charge upon the Treasury than the Senate bill would, and for that reason I think that almost any kind of an agreement reached in conference would be an improvement probably over either one of the bills, and I have decided not to insist upon my objection, because if the Senate should adopt the House bill I think it would probably entail a larger charge upon the Treasury than the Senate bill would.

Mr. BLANTON. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman about the provision that was stricken out of the bill relative to certain Indian wars and ranger service. What about that provision?

Mr. FULLER. Mr. Speaker, the only reason why that was stricken by the Committee on Invalid Pensions is that it is a matter over which that committee has never assumed any jurisdiction. It is one that belongs to the Committee on Pensions. There is a bill now pending there to the same effect.

Mr. BLANTON. I am receiving a good many letters from ex-rangers and Indian service men from all over the West, asking about that provision.

Mr. FULLER. I understand the Senate insists on reinserting them.

Mr. BLANTON. Unless something is done for the rangers and Indian service men, and done soon, it will be too late. I hope the gentleman will not object to the inclusion of those in the bill.

Mr. KINCHELOE. Mr. Speaker, will the gentleman yield?

Mr. FULLER. Yes.

Mr. KINCHELOE. As I understand the difference between the two bills, so far as the widows are concerned, the Senate bill provides that the widows of Union soldiers shall be eligible to pensions down to the date of the enactment of the bill, and your bill takes it down to 1917?

Mr. FULLER. To 1915.

Mr. KINCHELOE. I should like to know whether we are going to have a right to pass upon that question before the gentleman and the other House conferees agree to that provision of the Senate bill.

Mr. FULLER. I will say to the gentleman that there can be no possible agreement upon that provision in the Senate bill.

Mr. KINCHELOE. The gentleman assures the House of that?

Mr. FULLER. I am very sure of it.

The SPEAKER. Is there objection?

There was no objection, and the Speaker appointed as conferees on the part of the House Mr. FULLER, Mr. LANGLEY, and Mr. RUCKER.

BILLS STRICKEN FROM CALENDAR.

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to have stricken from the calendar of the House certain bills that have already passed and become law, but which are still on the calendar.

The SPEAKER. The gentleman asks unanimous consent to strike from the calendar certain bills.

Mr. SNYDER. The bills are S. 2532, S. 902, S. 2211, S. J. Res. 59, and H. R. 7426.

The SPEAKER. Have they all been acted on?

Mr. SNYDER. They have all been acted on.

The SPEAKER. Is there objection?

Mr. CARTER. Reserving the right to object, what disposition has been made of these bills?

Mr. SNYDER. All these bills passed through the House in an omnibus measure that passed the House and then passed the Senate in the final days of the previous session.

The SPEAKER. Is there objection?

There was no objection.

RICARDO FLORES MAGON.

Mr. LINEBERGER. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. The gentleman from California asks unanimous consent to address the House for 10 minutes. Is there objection?

Mr. GARNER. We are going into Committee of the Whole on an appropriation bill and there will be general debate for two or three hours. I do not understand just why the gentleman should go ahead now in the House and get 10 minutes when he can get it as soon as we go into Committee of the Whole.

Mr. LINEBERGER. I will say to the gentleman that it is necessary that I should be absent from the House for a part of the day on account of official duties, and I have a matter in which I believe the House is very much interested, and under the circumstances I should like to address the House at this time.

The SPEAKER. Is there objection?

There was no objection.

Mr. LINEBERGER. Mr. Speaker, yesterday there was held in the city of Washington a so-called free speech and amnesty meeting in memory of Ricardo Flores Magon, a so-called political prisoner who died in Leavenworth prison on November 21, 1922. The following announcement of this meeting was circulated:

Mrs. WINNIFRED MASON HUCK, Member of Congress from Illinois; Dr. John A. Ryan, of the Catholic University; Mrs. Harriot Stanton Blatch, of New York; and Mr. Robert Morss Lovett, editor of the New Republic, will speak on free speech and amnesty at a meeting held in memory of Ricardo Flores Magon, political prisoner, who died in Leavenworth prison November 21, 1922. You are invited to attend the meeting at 3 o'clock Sunday afternoon, December 10, Shubert-Garrick Theater, Seventh and F Streets NW.

I believe that in the interest of the facts in regard to Ricardo Flores Magon the House and the people of this country should have some knowledge of the record of Magon and of the offenses for which he was convicted.

No one questions the right of American citizens to gather together peacefully and hold meetings in the interest of anyone or in the memory of anyone they please; but in a notice which was sent out to the Members of this House under date of December 6, 1922, which I desire to insert in the RECORD as a part of my remarks, certain very misleading statements, to say the least, were submitted in regard to the crimes for which Flores Magon was incarcerated and regarding the testimony and the methods which were used in his prosecution.

Mr. SMITH of Idaho. Mr. Speaker, will the gentleman yield?

Mr. LINEBERGER. Briefly.

Mr. SMITH of Idaho. I think it is quite probable that a good many of the Members did not receive this notice. I did not, and I would be very glad to have it read.

Mr. LINEBERGER. I will read the notice:

WASHINGTON, D. C., *December 6, 1922.*

To the Members of the Congress of the United States:

You are cordially invited to attend a meeting in memory of Ricardo Flores Magon, a political prisoner, who died in Leavenworth, November 21, 1922.

Magon, who was the editor of a paper in Los Angeles, was arrested in 1918 for publishing an article in which he set forth his views on war and pleaded for the brotherhood of man. For this he was sentenced to 21 years' imprisonment in Leavenworth.

The New York World, commenting upon his death on Friday, November 24, said: "In reality the article for which Magon was convicted had no bearing on the war with Germany except what was read into it by the prosecution. That, of course, was not unusual. In the heyday of witch burners and unofficial spies Magon was only one of the victims."

The failing health of Magon was well known to the Department of Justice. His case was placed before them many times, and they had been told in a physician's report that he must eventually lose his sight, which was fast failing. In spite of this knowledge, Attorney General Daugherty refused to release him upon the grounds that he was "unrepentant."

The liberty-loving people of this country should give notice in some way to the world that they have had no part in this shameful act of officials intrusted with authority which all the records show they have abused.

As a Member of the Congress of the United States to whom the whole earth now looks for guidance out of the wilderness of world-wide misery you are invited to attend a meeting in honor of Magon and thus be able to show by your presence that you have had no part in bringing this blot on the fair name of a country dedicated from its foundation to the cause of freedom.

This meeting is called by citizens of many political and religious beliefs, bound by a desire to show the world that they continue to cherish the traditions of liberty, and that the persecution of Magon and other political prisoners was not the act of our people but of those intrusted for a very little day with authority.

You will doubtless welcome this opportunity to show that our love of liberty is not just a glorious tradition but a living principle to be honored through maintaining liberty of speech and conscience in our own day and generation.

Following this is the statement that this meeting is indorsed by a committee, of which the chairman is Mrs. Abby Scott Baker, and among the names appear those of 8 or 10 Members of Congress.

Mr. STEVENSON. Will the gentleman please read them?

Mr. LINEBERGER. I will read all the names:

Mrs. Abby Scott Baker, chairman; Mr. Dean Acheson, Hon. J. D. Beck, Mr. Jose Niguel Begarano, Mrs. Ethel S. Cohen, Mrs. Wilbur F. Dales, Mrs. Gilson Gardner, Miss Edith Goode, Mr. Frederic C. Howe, Hon. George Huddleston, Mr. William H. Johnston, Hon. Oscar Keller, Hon. Charles L. Knight, Hon. Florian Lampert, Hon. W. Turner Logan, Mr. Lowell Mellett, Mrs. William Spencer Murray, Hon. John M. Nelson, Mrs. George Odell, Mrs. Nanette Paul, Hon. Joseph C. Pringey, Mrs. Charles Edward Russell, Dr. John A. Ryan, Hon. J. H. Sinclair, Hon. Edward Voigt, and Mrs. Laura Williams.

Now, gentlemen of the House, in order that the record may be clear, and in order that the people of this country may know something of the facts in the matter, I desire to read into the record a statement, for which I will assume full responsibility, and for which I want to say to you that I have consulted the Department of Justice, which department can substantiate the statements contained therein, and I propose to submit to the House at a later date copies of official records existing in the Department of Justice and the Federal courts of southern California bearing on this case. The facts are substantially as follows:

Ricardo Flores Magon was a Mexican anarchist who was forced to leave Mexico and come to the United States in 1919. He was the author of the publication entitled "Carranza se Despoja de la Piel de Oveja," a rabid publication advocating the overthrow of government and the substitution of anarchy. Upon his exile from Mexico he came to the United States, where, together with his brother Enrique, he was connected with the publication of Regeneration at Los Angeles. In 1920 he was convicted of a violation of section 211 of the Criminal Code for printing an article in Regeneration tending to incite murder or assassination. He was sentenced to a term of 21 years in the penitentiary. Because of several previous convictions of a less anarchistic nature, he was given the severe sentence which the court imposed. He was also convicted on a count under the espionage act and sentenced to a term of 20 years in the Federal penitentiary at McNeil Island. He had been previously convicted on two occasions for anarchistic activities and sentenced for short terms. He commenced to serve his term at McNeil Island, but due to the climate was later transferred to Leavenworth, where he died in November of this year. Together with his brother, Enrique, he was the source of considerable trouble both in Mexico and in the United States and was looked upon as one of the most pronounced Mexican anarchists with whom this country has had to deal.

Gentlemen, no less a personage than the President of the United States, in the address which he delivered on the floor of the House on the 8th of December, had the following to say:

While I have everlasting faith in our Republic, it would be folly, indeed, to blind ourselves to our problems at home. Abusing the hospitality of our shores are the advocates of revolution, finding their deluded followers among those who take on the habiliments of an American without knowing an American soul. There is the recrudescence of hyphenated Americanism which we thought to have been stamped out when we committed the Nation, life and soul, to the World War.

Now, gentlemen, I am not here to accuse or to berate anybody; but when such a worthy organization as the American Defense Society takes up a matter of this kind, when the entire House of Representatives is circularized with such a letter as I have read to you to-day, I think it is time that we, as Members of this House and as American citizens, take cognizance of some of the things that are going on about us. I herewith insert an article appearing in this morning's issue of the Washington Post quoting the American Defense Society on the subject under discussion:

REBUKES SYMPATHY FOR WAR CONVICTS—DEFENSE SOCIETY POINTS OUT ALL WERE FOUND GUILTY OF CRIMES AGAINST LAWS—NOT "POLITICAL PRISONERS"—NO SUCH THING EXISTS IN AMERICA, SAYS STATEMENT—SOLDIER POISONERS ARE CITED.

[From the Washington Post, Monday, December 11, 1922.]

Denying that there are any "political prisoners" in the United States, a statement issued yesterday by the Washington bureau of the American Defense Society declares that every prisoner was duly convicted of a crime against the laws of the country.

"The so-called 'political prisoners,'" the statement continues, "were all convicted on substantially the same charges, in every case involving conspiracy against this Government.

LISTS CONSPIRACY CHARGES.

"The charges were in substance as follows:

"1. Conspiracy by force to prevent, hinder, and delay the execution of certain war-time legislation of the United States.

"2. Conspiracy to injure, oppress, threaten, and intimidate citizens of the United States in the exercise of a legal and constitutional right, to wit, to furnish the Government war munitions and supplies, etc.

"3. Conspiracy to obstruct the selective service act, otherwise known as the draft act, and cause desertion from the service of the United States in time of war.

"4. Conspiracy to violate the espionage act, to wit, to cause insubordination, disloyalty, and the refusal of military duty by personal aid, solicitation, public speeches, articles printed, and distribution of certain I. W. W. publications in violation of the espionage act."

CITES SOLDIER POISONERS.

The statement further declares that "among these criminals whose release is now sought by the communists here and in Russia and by such misguided persons as those ignorantly connected with amnesty drives are men who deliberately misdirected food supplies to be sent to American soldiers in France, who actually poisoned such foods when not misdirected intentionally, who set fires at plants engaged in the production of war materials, who placed bombs where they would explode and destroy property, and who burned or otherwise destroyed crops needed for the successful prosecution of the war."

CALLS THEM MURDERERS.

"The Joint Amnesty League," the statement continues, "Members of Congress, and others who are thus apologists for criminals should not be allowed to get away with the idea that these prisoners are languishing in jail simply because they violated the American right of free speech. They are murderers and destructionists, and the I. W. W's themselves have not had the hardihood to claim that they are illegally confined.

During the dark days of the war, when all patriotic men, women, and children under American skies were giving their all in order that the country might win the war, people such as Ricardo Flores Magon were seeking to obstruct our endeavors in winning that war.

The SPEAKER. The time of the gentleman has expired.

Mr. LINEBERGER. I ask one minute more in order to conclude.

The SPEAKER. The gentleman asks one minute more. Is there objection?

There was no objection.

Mr. LINEBERGER. Ricardo Flores Magon during that time was publishing this paper of his, Regeneration, in Los Angeles, obstructing the draft, trying to get those Mexicans in this country who were of American citizenship to refuse to serve under the colors, and inciting them to return to Mexico and enlist themselves under the banner of Mexico with Germany in order to recover the so-called lost provinces of Mexico, to wit, California, Texas, New Mexico, and Arizona. So I hope that the patriotic membership of this House will give cognizance to some of the things that are going on about us, and I hope that the American people will read and know the facts in regard to this infamous Ricardo Flores Magon. [Applause.]

Mr. HUDDLESTON. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. HUDDLESTON. It is the matter of the circular and the statement which the gentleman from California [Mr. LINEBERGER] has just made.

The SPEAKER. The Chair does not see any question of personal privilege.

Mr. HUDDLESTON. The gentleman from California read a circular and used in connection with it my name and that of other Members of Congress.

The SPEAKER. Does the gentleman think that that raises a question of personal privilege?

Mr. HUDDLESTON. That circular in connection with the statement raises a question of personal privilege.

The SPEAKER. Does the gentleman think that the circular accuses the gentleman of improper conduct?

Mr. HUDDLESTON. I think the circular in connection with statements made by the gentleman from California places Members of Congress whose names were used in a position which justifies them in making some defense.

The SPEAKER. That may be, but the Chair does not think it raises a question of personal privilege. The gentleman can probably get time——

Mr. HUDDLESTON. Mr. Speaker, I ask unanimous consent that I may proceed for 10 minutes.

Mr. MONDELL. Oh, Mr. Speaker, we are soon to take up an appropriation bill and the gentleman can get time in general debate.

Mr. HUDDLESTON. I want to say what I have to say now, and I think the gentleman will find it desirable not to object at this time.

Mr. GARNER. Mr. Speaker, let me say to the gentleman from Wyoming that I called attention to this when the gentleman from California asked for 10 minutes. I called attention to the fact that we were going into Committee of the Whole House on the state of the Union on this bill and he could take 10 minutes in the general debate, but no one objected to his request, and now, it seems to me, the gentleman from Alabama ought to have 10 minutes as well.

Mr. MONDELL. Mr. Speaker, a number of names of gentlemen have been mentioned in connection with the letter, and if we give one time all will want time. We are to have some general debate, and gentlemen can be heard as well in that general debate as now.

Mr. HUDDLESTON. I am willing to give way now to anybody else that wishes to discuss the matter.

The SPEAKER. Is there objection to the request of the gentleman from Alabama to proceed for 10 minutes?

There was no objection.

Mr. HUDDLESTON. Mr. Speaker, I did not sign the circular that has been read nor was I asked to sign anything. The matter was mentioned to me by a lady who explained that she and some other persons desired to hold a memorial meeting and that Magon was one of those who had been convicted merely for expressing an opinion in violation of the espionage act. The statement was further made that in order to enable them to get a hall in which to hold the meeting it was necessary that some persons of responsibility should allow their names to be used, and to the end that it might not appear that the meeting was being held by a lot of extremists I consented that my name might be used.

I did not attend the meeting. I do not know who was there. I was informed that it was the purpose of certain Members of Congress to address the meeting, and I presume they did so.

I have no personal knowledge of the case of this man Magon. I assumed that it was similar to the cases of other men who are being held in prison for having expressed their sentiments during the war. Their sentiments did not meet with my approval. I did not share in them. It may be that they were foolish, it may be that they were wicked, nevertheless I have no hesitation in saying that the war is now over, and now that every civilized country in the world has released its political prisoners I see no reason why the United States should lag in the rear and appear the most tyrannical of all peoples.

Mr. MONDELL. From what standpoint does the gentleman refer to these men as political prisoners?

Mr. HUDDLESTON. As men who were not in accord with the purposes of their Government during the war. They expressed themselves against the espionage act and conscription and criticized various other harsh and oppressive measures which the gentleman from Wyoming [Mr. MONDELL] rejoiced to support during the war.

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. HUDDLESTON. No. I have only a short time; I can not yield.

The gentleman from California shows the poverty of his case by undertaking to say what this man Magon did in Mexico while a citizen of that country.

Mr. LINEBERGER. Will the gentleman yield? I hope the gentleman will not misquote me.

Mr. HUDDLESTON. The gentleman from California said that this man had been engaged in publishing an anarchistic paper in Mexico. He retailed hearsay charges as to what Magon had done before he came to the United States.

Mr. LINEBERGER. And also in Los Angeles.

Mr. HUDDLESTON. Why did the gentleman charge Magon with violating the laws of Mexico if he had a good case against him in this country? Why did not the gentleman confine himself to the acts of Magon in this country?

Mr. LINEBERGER. I wanted to show that he was an anarchist.

Mr. HUDDLESTON. No; the gentleman was trying to prejudice the public against Magon, who is now dead and can not answer him and to embarrass Members of Congress who allowed their names to be used to get a meeting in Magon's memory. That is the reason the gentleman brought in this hearsay and extraneous matter. He sought to blacken Magon's name, to damn the dead man so as to discredit those who countenanced the meeting so that all others might be intimidated from taking a part in similar meetings.

No, there was no purpose to deal fairly. If this man committed an offense against the United States as the gentleman from California wants to make it appear that he did, why did he not produce and read the disloyal or anarchistic article Magon was charged with publishing and let it speak for itself? Why did not the gentleman produce the indictment against him? Why did he not confine himself to the facts contained in the record? The gentleman has obtained leave to extend his remarks—he has plenty of time in which to get the papers. I now challenge the gentleman to put in the RECORD in his extension of remarks the article which Magon is said to have published. If he wants to be fair he can not fail to do so.

I would like to see the indictment against the man. I know nothing about the facts in Magon's case, and it may be that everything the gentleman from California tries to make you believe is true. But he contents himself with generalities, vague charges, and calling Magon names. I demand the facts.

It may be proper for us to put a man in the penitentiary and leave him to die there because he was an anarchist while in Mexico. It may be more proper to put a man in the peni-

tentiary for having expressed certain sentiments in this country. But it seems to me that those who believe it is right for men to be put in jail for expressing their opinions need to go back and read the first amendment to the Constitution before they begin to pose as super-Americans and patriots. This is a time of peace. Men ought not now be in jail merely because they did not agree with the majority during the war.

Some of the superpatriots of this country, some of the "unco guid," were themselves guilty of excesses during the war. There were many of them who took occasion to rob our Government and profiteer on our people during that time of distress. Let us prosecute them and put them in the penitentiary, and not confine ourselves merely to prosecuting men who did not happen to think we had sufficient cause to go to war or that we ought not to have passed certain harsh and oppressive laws in connection with carrying on the war.

No, Mr. Speaker, the very ones who are most bitter and vituperative against those who expressed their opinions of dissent from the majority are the chiefest defenders of the Attorney General who has failed to prosecute the grafting war contractors.

Mr. MURPHY. The gentleman's party was in power for years and did not put any of these men in jail; you knew them better than we know them.

Mr. HUDDLESTON. If the gentleman from Ohio [Mr. MURPHY] assumes that we know the war contractors and profiteers better than Mr. Daugherty does, I have only to say that he pays a very high compliment to our acquaintance with the criminal classes.

But I am not defending the past administration for whatever, if anything, it may have done or failed to do. This is not a partisan matter, it is a matter of whether we believe that honesty should rule our affairs and whether we should have men in the Department of Justice who would prosecute those who robbed their country and did it infinitely greater injury than some humble and obscure fellow who merely expressed an opinion. [Applause.]

Mr. TINCHER. Is it not true that this man was sentenced to deportation, and that Acting Secretary Post refused to deport him and extended to him the charity of an American prison because his own country would take his life if he had been deported? [Applause.]

Mr. HUDDLESTON. I am not acquainted with the facts.

Mr. TINCHER. That is the fact.

Mr. HUDDLESTON. I am not acquainted with the facts, but I do say this, that any government which, merely for the expression of opinion, would deport a man to a country where his life would be forfeited, would deserve the contempt of civilization.

Mr. RAKER. Is it not a fact that under the law, as it stands to-day, when a man is convicted he can not be deported until after his sentence is carried out?

Mr. HUDDLESTON. I am not interested in legal technicalities. I am concerned about the principles of humanity and good government.

Here are about 60 cases of men who are still in prison, not for spying, not for disloyalty, not for aiding the enemy, but for expressing opinions against war or conscription or otherwise dissenting from the majority. I do not know whether the Magon case is a fair sample or not—I know nothing about the particular facts in his case. I rest my judgment upon the cases of the other men who are in prison, and as a citizen who loves the fair name of his country I demand that their prison doors be opened. It can not be said that they took any active part against our Government, that they did anything more than simply to say something which tended to obstruct conscription or to question the motives or conduct of some of those in authority.

I like to think of America as a land of free men—of liberty of conscience and opinion. I would rescue her from the stigma of holding men in prison four long years after the war merely for the utterance of a few ill-considered words. Others may have taken an active part against the war, but these men are not even so accused; they merely expressed their opinions; and they are yet in jail. And all the while war profiteers, crooked war contractors, and grafters run freely at large.

Mr. MACLAFFERTY. Mr. Speaker, will the gentleman yield?

Mr. HUDDLESTON. The gentleman has been so persistent that I yield to him.

The SPEAKER. The time of the gentleman from Alabama has expired.

DEPARTMENTS OF STATE AND JUSTICE APPROPRIATION BILL.

Mr. HUSTED. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 13232) making appropriations for the Departments of State and Justice and for the judiciary for the fiscal year ending June 30, 1924, and for other purposes. Pending that I ask unanimous consent that general debate be limited to three hours, one-half to be controlled by the gentleman from Colorado [Mr. TAYLOR] and one-half by myself.

The SPEAKER. The gentleman from New York asks unanimous consent that general debate be limited to three hours, one-half to be controlled by himself and one-half by the gentleman from Colorado. Is there objection?

Mr. TAYLOR of Colorado. Mr. Speaker, reserving the right to object, that is agreeable to me.

The SPEAKER. The Chair hears no objection. The question is on the motion of the gentleman from New York that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 13232.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 13232, with Mr. GRAHAM of Illinois in the chair.

The Clerk read the title of the bill.

Mr. HUSTED. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HUSTED. Mr. Chairman, this is the bill covering all general appropriations for the Departments of State and Justice, including the foreign service and the judiciary. Last year the total appropriation carried for both these departments was $28,676,921. This year the bill carries appropriations exceeding that amount by about four and a half million dollars, due to the fact that we did not carry in the bill last year the $5,000,000 payment to Colombia. Eliminating that payment, therefore, our appropriations for this year are a little over $500,000 less than the appropriations for last year. There is only one important change made in the items for the State Department proper. We have here assembled for the first time all of the printing and binding items, which amount in the total to $160,750, and we expect thereby to effect a considerable saving. We have reduced the item for post allowances to diplomatic and consular offices, which is a mere increase of compensation. We hoped to wipe it out entirely, but it did not seem to the committee just to bring about a greater reduction under present conditions. In many cases the cost of living is still greatly affected by the rate of exchange.

I am glad to report that the boundary-line work between Alaska and Canada and between the United States and Canada, which has been dragging along for many years, is completed, so far as the field work is concerned, and that the official in charge of that work has more than kept his word with the subcommittee. He told us last year that he would do it if we gave him the requisite funds.

But from the general history of such matters possibly some of us had our doubts about it. It is completed and there is nothing now left to be done but the work of compiling field notes and making the maps and arranging for their publication.

Mr. TILSON. Will the gentleman yield?

Mr. HUSTED. I will.

Mr. TILSON. Have the boundaries been marked and the monuments set up?

Mr. HUSTED. The actual physical boundaries have been set up and the work on the boundary line of every name and nature has been fully completed.

Mr. KINCHELOE. Will the gentleman yield?

Mr. HUSTED. Yes, sir.

Mr. KINCHELOE. I notice at the bottom of page 37 an appropriation for assistants to the Attorney General, in special cases, including an appropriation of $50,000 for clerical help for such assistants.

Mr. LINTHICUM. Will the gentlemn yield?

Mr. HUSTED. I will.

Mr. LINTHICUM. On page 15 I notice the International Boundary Commission for the United States and Mexico.

Mr. HUSTED. Yes, sir.

Mr. LINTHICUM. I notice you have an appropriation here of $30,713.50. Is not that increased again? We had reduced that appropriation very largely, I believe to $5,000.

Mr. HUSTED. Yes, sir; we had reduced it; but since then they have appointed a commissioner, and he is now cooperating with the Mexican commissioner, and while they are not authorized to make definite decisions, still they can accomplish a great deal by coming to informal agreements. The Mexican commissioner's status is a little different from ours. He can have his action immediately ratified by the Mexican Government, but our commissioner's status is somewhat different.

Mr. LINTHICUM. What can our commissioner do under the present status of affairs with Mexico?

Mr. HUSTED. He can do a great deal. The course of that river is constantly changing, and there are many points seriously affected; one of them is El Paso.

Mr. LINTHICUM. That has been for some 20 years——

Mr. HUSTED. The situation there at the present time is serious and some action will have to be taken.

Mr. LINTHICUM. What can be accomplished under the present status between the United States and Mexico; what can our commissioner do?

Mr. HUSTED. He can do this: He can arrange for the measuring of the water and for making the necessary surveys, and he can meet with the Mexican commissioner and discuss these different situations that come up on the river and have stenographic notes taken of the facts in each case to be kept for future action.

Mr. EVANS. If the gentleman will permit, there are constant disputes arising between claimants who reside in Mexico and those who reside in the United States because of the constant change of water, and those disputes become quite acute, and by reason of tentative agreements arrived at by the commissioner appointed by Mexico and the commissioner appointed by the United States they have been enabled to have these citizens agree rather than quarrel and create still worse conditions.

Mr. LINTHICUM. I know that the appropriation got very large and then Congress cut it down and finally got rid of the commissioner until some arrangement could be made with Mexico and the United States as to the use of water. They can measure that water without any commissioner, so what can be accomplished? Now the subcommittee has been very active in reducing this appropriation and wisely so, but this old Mexican sore has been in evidence very long, and this Congress has been fighting this appropriation, and I can not see why this subcommittee is willing for the $30,000 appropriation.

Mr. HUSTED. Well, that amount was retained at the solicitation of the Secretary himself. He said it was necessary; that this amount was needed, and that a larger amount was really required to do the work which should be done for the preservation of American property interests on that river.

Mr. LINTHICUM. Some time ago General Mills, a retired Army officer, was appointed. He served and was paid through the War Department. I can not understand why we should embark on this Mexican situation again. It is very expensive.

Mr. HUSTED. Well, the appropriation is not a very large one.

Mr. ROGERS. Will the gentleman yield?

Mr. HUSTED. I will.

Mr. ROGERS. I note there has been appointed to represent the United States in the matter of the German claims certain officials, a commissioner, counsel, and so forth. Has there been any provision made in this bill for the payment of salary and expenses of these officers?

Mr. HUSTED. No, sir; they are not to be carried in this bill at all, as I understand it.

Mr. ROGERS. This would seem to be the place to carry them, in view of the fact that we appropriate for the International Boundary Commission with Great Britain in this bill.

Mr. HUSTED. No provision whatever has been made.

Mr. ROGERS. And none asked for?

Mr. HUSTED. None asked for and none made.

Mr. ROGERS. Does the gentleman know in what bill there will be a provision carried?

Mr. HUSTED. I do not know.

Mr. ROGERS. The officials are functioning and arguing cases, and I suppose it would be natural for them to know where the money was going to come from.

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. HUSTED. Certainly.

Mr. NEWTON of Minnesota. I want to call the attention of the gentleman to page 11 under the heading "Expenses, passport control act." How does that item of $259,500 compare with the appropriation for the present year?

Mr. HUSTED. It is about $90,000 less than the amount carried in the present law.

Mr. NEWTON of Minnesota. There has been a great deal of congestion in some of the various consular offices, and my own files show that a great deal of attention is being given to these matters. I was wondering why the appropriation is so much less this year than in preceding years—the reason for it.

Mr. HUSTED. This is not the only fund that is drawn upon to cover passport expenses. We think we have made ample provision in the different funds to meet all the necessary expenses.

Mr. NEWTON of Minnesota. Did the information presented to the committee by the Department of State indicate that they were going to be less busy in the next fiscal year in these matters than they have been in the present year or were in the preceding year?

Mr. HUSTED. Well, they are better organized now than they were a year ago, and they can accomplish the same amount of work for less money.

Mr. NEWTON of Minnesota. Can the gentleman tell me whether the amount provided for in this bill is substantially the same as the amount provided for in the Budget?

Mr. HUSTED. It is exactly the same as the Budget figures.

Mr. EVANS. You will find it on page 47 of the hearings.

Mr. NEWTON of Minnesota. I thank the gentleman.

Mr. HUSTED. We think we have made ample provision.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield?

Mr. HUSTED. Yes, sir.

Mr. KINCHELOE. I notice at the bottom of page 31, in the appropriation for the investigation and prosecution of war frauds, an appropriation of $500,000.

Mr. HUSTED. Yes, sir.

Mr. KINCHELOE. And then at the bottom of page 37, "For assistants to the Attorney General and to the United States district attorneys employed by the Attorney General to aid in special cases," an appropriation of $850,000. I presume that is for the same purpose. There you will notice an approriation of $850,000.

Mr. HUSTED. Yes, sir.

Mr. KINCHELOE. Are these apropriations in addition to the $500,000 that the Congress appropriated for the Attorney General at the last session?

Mr. HUSTED. Last year we did not carry any specific amount for the prosecution of war frauds, but $500,000 was provided later in one of the deficiency bills.

Mr. KINCHELOE. How many special attorneys are now employed in this special investigation by the Attorney General?

Mr. HUSTED. Thirty, and they are all paid out of that specific $500,000 fund.

Mr. KINCHELOE. How much salary do they draw?

Mr. HUSTED. I think the highest-paid attorney gets about $7,500.

Mr. KINCHELOE. Are not about nine drawing $10,000 each?

Mr. HUSTED. We have a list of them here, stating just exactly what they get. I shall be glad to give the gentleman their names and the amount of salary paid.

Mr. KINCHELOE. What is the highest amount paid any special attorney, and how many of them are receiving that amount?

Mr. HUSTED. I think the highest-paid attorney in the Department of Justice receives $12,000.

Mr. KINCHELOE. How many of them are receiving $10,000?

Mr. HUSTED. Very few. There are just 30 attorneys employed in this special work of investigating and prosecuting war frauds.

Mr. KINCHELOE. That is under the $500,000 appropriation?

Mr. HUSTED. Yes; that is under the $500,000 appropriation.

Mr. KINCHELOE. Can the gentleman give the committee any idea of what the total salaries of the 30 are?

Mr. HUSTED. We have got the evidence here somewhere in the hearings. I will look it up and let you know later.

Mr. KINCHELOE. Does the gentleman know how many additional attorneys are contemplated to be employed under this $850,000 appropriation?

Mr. HUSTED. I do not think they have increased the number of attorneys at all except for this special work of investigating and prosecuting these war frauds.

Mr. KINCHELOE. Is it not a fact that one of the chief accountants under the $500,000 appropriation is now drawing $18,000?

Mr. HUSTED. That is a very highly paid man. He is not a lawyer; he is an accountant.

Mr. KINCHELOE. Now, if the gentleman will permit, I would like to ask him if he knows what progress is being made under the $500,000 appropriation, and how many men have been indicted, and how many have been sent to the penitentiary?

Mr. HUSTED. I do not think anybody has been sent to the penitentiary. They were not organized for the work until the month of August last. They have passed on to United States attorneys a great many cases for prosecution.

Mr. KINCHELOE. Has anyone except one man been indicted?

Mr. HUSTED. I do not know how many have been indicted, but I do know that about three hundred and some odd cases are in course of active prosecution.

Mr. KINCHELOE. Are those criminal cases?

Mr. HUSTED. Criminal and civil; and I know that at least $150,000 have already been covered into the Treasury which was recovered in one of these cases.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. HUSTED. Yes.

Mr. KNUTSON. In preparing the bill, in so far as it pertains to the State Department, did the committee give any consideration to the matter of——

Mr. KINCHELOE. Before the gentleman goes into that matter I just wanted to make this observation: I remember when these investigating committees, created in the Sixty-sixth Congress, had finally made their reports they said there was plenty of ground and plenty of evidence to send many war profiteers to the penitentiary, but that the reason why they had not been sent was because the then Attorney General, Mr. Palmer, would not do it; but when Mr. Daugherty came in there would be an immediate and vigorous prosecution; that the prosecutions would go on vigorously and those gentlemen would be sent to the penitentiary.

The fact is that there was not even a dollar asked to be appropriated under this administration to prosecute anybody for these war frauds until the gentleman from South Dakota and the gentleman from Michigan undertook to impeach the Attorney General.

Mr. HUSTED. I do know this, sir, that since the $500,000 fund was provided and the force was organized for this work, the preparation of these cases has gone on with all reasonable speed. They have examined and acted upon some 450 cases, over 250 of which have been placed in the hands of United States attorneys for prosecution.

Mr. FESS. Will the gentleman yield there?

Mr. HUSTED. Yes.

Mr. FESS. Is it not true that we are almost certain to be disappointed in the amount of money that may be returned, because these people have acted under contracts that were made, under which these exorbitant profits were produced?

Mr. HUSTED. That may be true. The claims already investigated by the advisory council and passed upon for prosecution amount to over $100,000,000.

Mr. FESS. If the gentleman please, I know of one case in Ohio where they are undertaking to set aside a contract for cost-plus, and if that can be set aside there will be an immense amount of money recovered, but if it is not set aside, then the tremendous amount of profiteering was under a contract, so that we have no ability to recover.

Mr. HUSTED. That may be.

Mr. KINCHELOE. Does the gentleman from Ohio know of any probability of anybody going to the penitentiary under the administration of the present Attorney General?

Mr. FESS. If fraud can be established I hope they will go.

Mr. KINCHELOE. So do I.

Mr. KNUTSON. Does not the gentleman think the Government officials who made these contracts are just as culpable as the men who profiteered under them?

Mr. KINCHELOE. I do, and I do not care whether they are Democrats or Republicans. I know we have appropriated hundreds of thousands of dollars for their prosecution, and for my part, I would just as soon see a Democrat sent to the penitentiary as a Republican, if he has been guilty of fraud.

Mr. HUSTED. I think the gentleman is unjust when he intimates that nothing has been done. There have been 32 criminal indictments found, and 284 cases have been passed upon, which involved a tremendous amount of work. If I thought this business had not gone forward properly, I would be free to say so. It has gone forward properly since we provided money for the purpose, and I have not seen the slightest evidence of any disposition to delay.

Mr. KINCHELOE. I have no doubt the gentleman is honest in what he says. The point I am making is that there has not been anything done.

Mr. KNUTSON. Is it not true that before the present administration came in probably 85 per cent of the documentary evidence upon which convictions could be had was destroyed, making prosecutions impossible in many cases?

Mr. BYRNS of Tennessee. Where did the gentleman get that information?

Mr. KINCHELOE. Where does the gentleman get any such information as that?

Mr. KNUTSON. It is absolutely true. There are whole files missing down in the Department of Justice—that were taken out of the files before March 4, 1921.

Mr. BYRNS of Tennessee. The gentleman has made a definite statement. Where is his evidence?

Mr. KNUTSON. I make that statement upon my responsibility as a Member of this House.

Mr. BYRNS of Tennessee. The gentleman makes the statement, but he does not give any information.

Mr. BLANTON. Will the gentleman from New York yield?

Mr. HUSTED. I will.

Mr. BLANTON. Besides the only final judgment which has been secured through the efforts and instrumentality of our former colleague from Nebraska, Mr. Reavis, who is doing splendid work, has there been any other final judgment obtained against these men, either criminal or civil?

Mr. HUSTED. I think the gentleman is a lawyer, and I have already stated that the money for this purpose was not furnished to the Department of Justice and the force was not organized until the month of August, 1922. They have had charge of this work only four months.

Mr. BLANTON. Then the gentleman can not tell us of any other final judgment than the one secured by Mr. Reavis?

Mr. HUSTED. I told the gentleman that they have passed on 284 cases and put them in the hands of United States attorneys for active prosecution.

Mr. BLANTON. Oh, they are pending?

Mr. HUSTED. And they have found 32 indictments.

Mr. BLANTON. And they are pending?

Mr. HUSTED. And they have recovered at least $150,000 in money which has been covered into the Treasury.

Mr. BLANTON. Just one other question. Besides this salary of $18,000 a year that the chief accountant gets, how many other parties are employed at salaries greater than $7,500 a year?

Mr. HUSTED. Very few, if any. I will give the gentleman all that information under the five-minute rule, when the item comes up.

Mr. BLANTON. Will the gentleman put a statement of that in his remarks in the RECORD?

Mr. HUSTED. I will give it to the gentleman under the five-minute rule.

Mr. BLANTON. Will the gentleman give their names and the salaries that they draw respectively?

Mr. KNUTSON. That is all in the hearings.

Mr. BLANTON. No; not all of it; not the answer to the question I have asked.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. HUSTED. I will secure the names of the attorneys and the salaries paid, and give the gentleman the information he desires.

Mr. BLANTON. I do not object to the salary drawn by the gentleman from Nebraska [Mr. Reavis]. He is earning every cent of it, because, as I said before, he is doing splendid work, and I wish all of them were doing as good work as he is.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. HUSTED. Yes.

Mr. BYRNS of Tennessee. The gentleman made the statement a few minutes ago that 85 per cent of the testimony has been destroyed.

Mr. KNUTSON. I said probably.

Mr. BYRNS of Tennessee. I will accept the gentleman's amendment. He said that probably 85 per cent of the testimony that had been collected in connection with these war frauds had been destroyed and taken from the files of the Department of Justice, which, if true, constitutes in itself a crime on the part of the persons responsible for such action. I want to ask the gentleman from New York if he has any information of that kind.

Mr. HUSTED. I have no information on the subject.

Mr. BYRNS of Tennessee. Does any Member of Congress outside the gentleman from Minnesota have any knowledge of the subject?

Mr. KNUTSON. Let me say the gentleman misquoted me. I did not say that the evidence collected had been destroyed. I said that documents pertaining to the different contracts had been removed from the files of the Department of Justice prior to March 4, 1921, so that special investigators in pursuit of certain cases were left in a blind alley, and could not proceed any further for the want of testimony which has been surreptitiously extracted from the record.

Mr. BYRNS of Tennessee. Then my statement was correct, because documents constitute evidence. I want to ask the gentleman from Minnesota a question. He has made these assertions charging against some one, making a charge against some official, whether Democrat or Republican, and I want the gentleman to tell the House and the country from whom he gets his information.

Mr. KNUTSON. I have never quoted anyone unless I had authority to do so, but I got it from a very good authority.

Mr. BYRNS of Tennessee. Does not the gentleman think that as a Member of Congress, having made that sort of a charge, the Department of Justice and the country and Congress are entitled to the names of the persons from whom he got it?

Mr. KNUTSON. The statement was made to me in the presence of other Members, and there were at least two Democratic Members present at the time.

Mr. BYRNS of Tennessee. The gentleman has brought his charge on the floor of the House——

Mr. KNUTSON. I just made a plain statement.

Mr. BYRNS of Tennessee. And I regard it as the duty of the gentleman to give the name of his informant.

Mr. KNUTSON. I do not know the people who did it.

Mr. BYRNS of Tennessee. I say the name of the person who gave the gentleman the information.

Mr. KNUTSON. It came from a very high official.

Mr. BYRNS of Tennessee. Who was it?

Mr. KNUTSON. I am not quoting people without authority to do so.

Mr. BYRNS of Tennessee. Then I submit that the gentleman ought not to make statements on the floor of the House impugning officials without he gives the authority from whom he gets it.

Mr. MOORE of Virginia. May I make a suggestion to the gentleman from Tennessee, namely, to request the gentleman from Minnesota to mention one single case in which this thing has happened—he need not mention the person from whom he got the information, but mention a case in which the department has been embarrassed by the loss or destruction of evidence in the manner stated.

Mr. HUSTED. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio, Mr. FESS.

Mr. FESS. Mr. Chairman, I have asked for this time under general debate because the first part of the bill is devoted to the Department of State. I want to call the attention of the members of the committee to some of the serious problems that were inherited from the war that had to be taken up by the State Department, and then to make a brief statement, as I see it, of the accomplishments of that department of the Government.

You all recall that the first great problem that the administration had to deal with was an adjustment of the difficulty arising from the relationship with our enemy country because we had not achieved peace, and the first problem was after the restoration of peace the resumption of diplomatic and trade relations. These after-war problems were carried on largely through diplomatic channels.

Then, in addition to that, were involvements with our former associate countries that grew out of the mandate power in the Versailles treaty. Two of those countries, very prominent, with which differences arose were Great Britain and Japan. The dispute with Great Britain grew out of the mandate touching Mesopotamia; that with Japan grew out of the mandate touching the Pacific islands, and especially the Yap Island. Secretary Colby had already taken up the question of Mesopotamia. His position was followed by Secretary Hughes in his wonderfully concise method of procedure, and I think all will agree that it has progressed to a finality without any loss of honor or prestige to our country.

However, the dispute with Japan was more delicate, because it involved the possibilities of our intervention in the development of the Pacific interests.

I will not take the time at this moment to indicate what I think are our possibilities in the Pacific other than to make the mere statement that in time when the oriental countries with their teeming millions and their industrial possibilites shall become what Japan has already become, the largest and most important channels of trade between the Orient and the Occident will go over the Pacific through the Panama Canal, rather than by way of the Straits Settlement, the Suez, and the Mediterranean, for reasons, I think, that will appear to all Members if they look into the possibilities in that future trade. Therefore it was very important that we should not lose our vantage position in that area; that we should hold our rights inviolate in the Pacific, especially in a dispute growing out of Yap Island. So the arms conference recently held here in the Capital, whose opening was somewhat delayed because of the scope of the discussion, finally included in the agenda the discussion of the Far East question as well as the limitation of armaments on the sea.

Members of the committee, we have had several world conferences, but no conference in the same length of time left such definite, far-reaching, and significant results as the one that was held here last year. These results plainly and simply expressed as I interpret them would be the limitation of armaments on the sea, the lessening of the chances for war, the reduction of the burdens of taxation due to war, the end of naval rivalry for all time, and an incident that is not usually viewed in its fullest significance—an agreement with Great Britain and Japan, that the British Navy, which heretofore was always conceded to be double the next largest navy, should not be larger than our own Navy, and that ours would be 40 per cent larger than that of Japan. Such in brief were the definite results on the original purpose of the conference. In addition to this achievement in the limitation of armaments, we also have definite results appertaining to the solution of the Far East problem. The most outstanding item in this program was the unanimous adoption by the nine powers in conference of the Magna Charta of China, in which China won in that short space of time more than she ever won in 500 years before.

In addition to that achievement there is the open-door policy, which was fostered by McKinley back in the unfortunate Boxer rebellion and is now agreed upon by the nine nations. This is primarily an American doctrine, in which our country led in 1900 and in 1921–22. Then there is the agreement to cancel the offensive Anglo-Japanese alliance that had existed for 20 years, a cancellation without offense to Japan and with the approval of Great Britain. In many respects this was supremely important and alone would be looked upon as a great achievement. We obtained our contention in respect to the island of Yap, and therefore have lost nothing along that line of the future development of channels of trade between the Orient and the Occident. Also there is the fulfillment of the agreement of the withdrawal of the troops of Japan from Siberia and China, and lastly, but of most importance to the peace of the Orient, we see the return of Shantung to China. The machinery was outlined to avoid war in the Pacific between the four great powers whose interests are found in that area. Measured by their possible significance, I believe those achievements to be as far-reaching as any ever conducted by the Secretary of State of any country. So much for our service to reduce the burdens of war and promote peace in the Orient.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. FESS. Yes.

Mr. LINTHICUM. The gentleman mentioned Mr. Colby in relation to the island of Yap.

Mr. FESS. No; in respect to Mesopotamia.

Mr. LINTHICUM. Does not the gentleman think that Secretary Colby's idea in reference to the island of Yap, protesting against its being assigned to Japan, if it had been followed up, would have been better than to have allowed them to have the island and obtain a station there?

Mr. FESS. I think so, and that was one of the unfortunate outcomes of the Versailles treaty which the arms conference corrected. I mentioned Mr. Colby especially with reference to Mesopotamia, however. Then we have had some rather strained relations with some of our South American neighbors, especially with Colombia. That trouble has been adjusted by this administration. Members will recall the serious dispute for a time with Panama over her difference with Costa Rica in a boundary dispute, in which the United States had pointed the way to close it. Exercising a sort of suzerainty over Panama, we acted as umpire, and the two countries followed our advice. Then the settlement between Chile and Peru of a long-time contention, quite serious at times and a continuous source of concern between the countries, a settlement which largely took place in Washington, is of very far-reaching possibilities and regarded by the head of the State Department as of tremendous possibilities for better understandings. Then, in addition to that, there was recently a meeting here in Washington of representatives of the Central American countries looking to possible settlement of all disputes which may arise in the future without resort to war.

So much for our influence toward a better understanding between the countries of the Western Hemisphere.

While there may be a tendency in some circles to criticize the United States because of the position we assume at Lausanne, it strikes me that our position there is sound and to be approved. We can not very well close our eyes to the situation in the Near East. What we have done for peace in the Far East is very suggestive of what might be done in the Near East. The conference at Lausanne was not called by the United States and it is not meeting in the United States. Therefore we are not sponsor for it, but as an observer and a well-wisher of all the countries we prefer not to umpire their disputes, but at the same time we wish to be helpful. For that reason our Nation watches the trend of that conference.

Whether that position be subject to criticism I do not think it is. We are virtually leading that conference to-day, without any commitment whatever of our own country or without any interference whatever with the rights or prerogatives of the conference or any members of it. It is almost certain that the suggestions and recommendations of our country, unofficial as they are, will be the final decision of the Lausanne conference. It is not too much to believe that this influence as now exerted will be the determining factor in the adjustment of the difficult situation in the Near East.

There are two difficulties with which we are not yet through. One is with Mexico, and while it is not unpromising it is not yet finished. I believe that all unprejudiced minds that will look into the Mexican situation and recognize the position of our Government as expressed by the Secretary of State will admit that the way is open and the terms defined upon which that adjustment can be made, and so far as I can follow I think the United States is taking precisely the proper attitude on the Mexican situation. Mexico can find a recognition of her Government, in my judgment, as quickly as she is willing to recognize the rights of America, especially those rights that were possessed prior to 1917, when the present constitution took effect, and the rights which were due to an invitation of a prior Mexican Government, when these American citizens went in that country in response to an official invitation to develop the Mexican resources. I think we are right on this. I believe the administration, through the Department of State, has taken the only sound view of the matter.

The situation in Russia is serious. It seems to me not promising, but that is not because of any laxity on our part, that is not the subject of any criticism on the part of our State Department or of the present administration. Russia is in a rather hopeless situation—a country that a short time ago commanded the respect of the world, a country that was not long ago a rival of the Anglo-Saxon possibilities of the world, with now none so poor to do her reverence—a nation of 200,000,000, with all of the natural resources that America had 70 years ago, with a territory 7,000 miles in extent in the direction in which the sun travels, and 2,500 miles in the direction that the glacier moves, a contiguous territory of one-sixth of the inhabitable globe, with prospects were the way open for growth and development that none would put a limit upon, awaiting only a sound system of government.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HUSTED. Mr. Chairman, I yield five minutes more to the gentleman from Ohio.

Mr. FESS. Under the present régime in Russia, which comprehends but a fraction, a very small proportion, of the population as the ruling element—and I do not want to be critical, and do not want to speak without information, as I am one of the last Members of the House that would attack without grounds—I say, under the present régime there is total disrespect for the sanctity of any kind of contract, the basis of all law and order, even the foundation of government; and our Government has taken the right position, I think, when it announces that until a different policy is pursued with respect to the validity and sanctity of a contract this Nation is not in a position to enter into any sort of international contractual relations with that country. It strikes me that that is the sound view, and the only salutary position for our country to take.

Mexico and Russia are the only two problems on our international horizon that have not yet been adjusted, so far as our foreign relations are concerned. But in each case the way is open and the terms are specified.

There is a problem yet in the Atlantic countries. What is to be the solution of that problem is still in doubt. The famous Frenchman who has just left our shores has concentrated the American mind on the problem of the western countries of Europe. I know what he would like to have us do, and I am certain that we will not do what he would like to have us do. At the same time, America stands always ready to perform her duty to the world, and we will now, as we always have done, perform that duty, but America will never permit any foreign country or any group of foreign countries to state to her what that duty is. We will define that duty ourselves.

I have no authority to say what I am now going to say, and I say it on my own responsibility. It is this: What we did for the Far East, what we are doing in the Near East, what we are this moment doing for Central and South America, may be a suggestion of what we will yet be able to do for the countries in western Europe. [Applause.] That does not mean the League of Nations, it does not mean a supergovernment, it does not mean that we will surrender our sovereignty or independence, but it may mean that we will yet be able to lead the public mind of western Europe in the way of peace that will not involve the loss of our sovereignty.

Take these two years of the direction of our foreign relations under the present administration, measured by the adjustment with our enemy countries, by the composure of the differences between us and our former associates, by the adjustment of disputes between our Government and several neutral countries, by the accomplishment of the arms conference in its Far East problems and the limitation of armaments, and by what we are now doing in the Near East—taking these into consideration as a measure of success, I think it will challenge the record of diplomacy anywhere in the world. I rose to make that statement while the bill providing for the appropriations for the Department of State is under consideration. [Applause.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, I want to discuss for a few minutes something relative to the proposed amendment to the Constitution of the United States, which is being pressed by the President, to prohibit the issuance of further tax-free securities. This agitation did not begin until the farm-loan system began to function and the bonds to procure the loans for the farmers of this country were being sold tax free over this country. We have had a tremendous amount of agitation against flooding the country with tax-free securities as the result.

The situation is this, that we are getting the money for the farmers and lending it to them at 6 per cent. The law as it originally was provided that they could not charge a farmer more than 1 per cent more than they paid on the bonds, and not exceeding 6 per cent. It became evident that we had to give a little higher rate, because the rate of 5 per cent represents the limitation as being the highest that could be paid. We had difficulty in selling them at 5 per cent. The result was that, at the request of the farm-loan system, we have amended it so that bonds can be now sold by them at 5½ per cent, and the farmer is charged 6 per cent, and the system is run on one-half of 1 per cent, and it is now running; but if you put a tax on the bond or a tax on the income derived from them you can see very easily you have got to elevate the rate to the farmer or you can not sell the bonds. Now, this is the thing I desire to refer to. The President made a considerable appeal on behalf of the farmer. He is exceedingly interested in their behalf, both in his first message and in his last message. Now, I want to call attention to one of the things that the farmer has been after, and that is to have a farmer member of the Federal Reserve Board. That law has been in existence since last May, and yet the President has not been able, being so interested in the farmer, to appoint a member yet. The financial problems for the coming year have been all staked out and the program arranged. I am inclined to think that this promise to the farmer is not being justified by the performance in so doing. This proposition to retire all tax-free securities is a proposition which will immediately and inevitably raise the rate on the farmers' mortgages that are being taken all over the country.

Mr. QUIN. What is the reason the President will not appoint a farmer member?

Mr. STEVENSON. I do not know what is his reason. It has been announced that he will appoint J. R. Howard, who is the only farmer in the United States who has announced that he was in favor of a ship subsidy bill.

Mr. CLARKE of New York. I deny that.

Mr. STEVENSON. Mr. Mellon gave out the statement, and he is higher authority than the gentleman from New York. The proposition to make all State bond issues of every kind taxable by the National Government is simply a proposition to destroy, cripple, and limit the credit of the State and its subdivisions. You may say that is a rash statement. Let us see if it is. What does the President say about it? He says:

> Tax-exempt securities are drying up the sources of Federal taxation and encouraging unproductive and extravagant expenditures by States and municipalities.

In other words, the power of this Government is invoked by an amendment to the Constitution and by the taxing power to step in and regulate extravagant expenditures and unproductive expenditures of States and municipalities. In other words, when you want to build a schoolhouse in any school district in this country they propose to fix it so they will put a tax on the bonds issued for the purpose, because they are spending too much money on schoolhouses. If you want to build good roads and the county wants to issue bonds, they propose to put a tax on it, because, forsooth, the President says the States and municipalities are becoming extravagant.

It is just simply another effort to dehorn and to destroy the power of the State governments, and to do it by more dictation from Washington, as to what shall be spent in school districts, as to what shall be spent for roads, as to what shall be spent for courthouses, and as to what shall be spent for any internal improvements by the States.

Not only that, but he says there is more in it than a menace to the payment of the public debt; there is a dissipation of capital which should be made available to the needs of productive industry. That is the same cry that we have from the Secretary of the Treasury in his report just filed, in which he says we must reduce the surtaxes from 50 per cent to 25 per cent in order to have money to go into productive industry. It is the same old song in another key. Choke off the power of the States to finance their local affairs, to finance their public roads, to finance their schoolhouses. Choke it off by Federal legislation, in order that we may have more money with which to exploit the oil resources of this country and other countries wherever we may go.

And not only that, he says it will correct the growing menace of public borrowing. That is not merely to keep the sources of public income from drying up. It is a proposition boldly propounded by the President in this House in a message, in a solemn declaration well thought out, to put a curb on the power of any State or any of its subdivisions to borrow whenever it or any of its subdivisions sees fit to borrow and in such sums as they see fit.

Mr. WINGO. Mr. Chairman, will the gentleman yield right there?

Mr. STEVENSON. Yes.

Mr. WINGO. As a suggestion along the line which the gentleman is pursuing, the President nowhere in his message suggested that the Republican Party change its policy, which it has been pursuing for three years, of exempting the trading corporations and the shipowners from taxation, which will not require an amendment to the Federal Constitution; but the whole program is to undertake Federal legislation to control and stop the issuance of bonds by States and municipalities and school districts.

Mr. STEVENSON. Yes. That is a very proper statement. The very bill we had here before us, backed by the administration, the ship subsidy bill, is intended to further increase the enormous sources of income which are to be exempted from Federal taxation. But there is another proposition. To-day there are $40,000,000,000 of these outstanding securities; $25,000,000,000 on United States issues which the Congress could have taxed already and only $15,000,000,000 on State issues; they are owned largely by people who are wealthy. Leave them alone and begin to tax those securities that are issued hereafter. What is the result? The $40,000,000,000 bonds outstanding, that are already in the hands of the millionaires very largely, will be increased in value by 25 per cent, and you will lift them by one stroke of the pen $10,000,000,000 in value for the holders of these securities, and yet the income arising from that increase can not be reached by Federal taxation. [Applause.] But if they say they will exempt farm loan bonds this very proposed amendment makes that impossible, because it provides that tax on issues by States can not exceed the tax on issues made "under the authority of the United States," and if none is imposed on farm loan bonds none can be imposed on State issues and the amendment is worthless. Hence to get at the State issues they will necessarily tax farm loan bonds also and will do it without question.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. HUSTED. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. TINCHER].

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield for a moment?

Mr. TINCHER. I yield.

Mr. GREEN of Iowa. I just want to state that the last speaker [Mr. STEVENSON] labors under a singular misapprehension with reference to the constitutional amendment which he was discussing. It would not affect the condition of the farm loan bonds in the least to tax them now. We can leave them exempt under this amendment if we see fit. It will not affect their situation in the slightest degree, one way or the other.

And the gentleman is equally in error as to the other matter. But I can not go into that now. The gentleman from Kansas has control of the time, and I do not wish to take up the time now in discussing it.

Mr. TINCHER. Mr. Chairman, of course the statement of the gentleman from Iowa [Mr. GREEN] is correct. Every Member of Congress knows that the Congress could tax the Federal farm-loan bonds now if it wanted to and that the change in the Constitution would have no effect one way or the other upon that. However, I think the statement was fairly accurate, considering the statements made by that side of the House concerning the things that the Republican Party does.

Mr. JONES of Texas. Mr. Chairman, will the gentleman yield?

Mr. TINCHER. Yes.

Mr. JONES of Texas. The gentleman does not mean to state that if a constitutional amendment were passed forbidding the issuance of tax-free securities, without exception being made of agricultural bonds, that it would exempt these?

Mr. TINCHER. No such amendment was advocated by the President in his message.

Mr. JONES of Texas. He said there should be an amendment to the Constitution forbidding the issuance of tax-free securities.

Mr. TINCHER. Authorizing the legislative bodies of the United States and States hereafter to tax all securities. But there is no danger of Congress taxing farm-loan bonds.

But I did not rise to talk about this particular subject. Other suggestions in the President's message appealed to me. I am going to talk real business. I think if this Congress adjourns without passing some law looking to the relief of the people who are oppressed by excessive freight rates to-day it will be inexcusable on the part of Congress, and we shall have to take the consequences.

On the 11th day of last April—on April 11, 1921—I introduced a bill to abolish the Railroad Labor Board, and that bill was on that day referred to the Committee on Interstate and Foreign Commerce. On the same day I took up with the Committee on Interstate and Foreign Commerce the proposition of obtaining hearings on the bill, and I got the customarily polite receipt for the bill, saying that the chairman of the committee would keep the matter in his mind; and as a demonstration of the size of his mind, it has been there ever since, and I have been unable to secure any hearings on the bill.

In the President's message the other day he indorsed this measure and took a firm stand in favor of abolishing the Railroad Labor Board. At the time the bill was introduced it met with the denunciation of organized labor, but since that time I have reason to believe that even organized labor has to some extent changed its mind concerning the necessity of retaining this monstrosity known as the Railroad Labor Board, and it has always been my opinion that we would never have a fair adjudication of the railroad rates in this country so long as we had one board to fix the rates and a separate agency to fix railroad wages; one tribunal to fix the cost of operating the railroads, and another to fix the charges on the public.

I want to call your special attention to the fact that the President, on page 6 of his message, says:

> The substitution of a labor division in the Interstate Commerce Commission, made up from its membership, to hear and decide disputes relating to wages and working conditions which have failed of adjustment by proper committees created by the railways and their employees, offers a more effective plan.

He says that in connection with his advocacy of the proposition to abolish the Railroad Labor Board.

I am not criticizing the Gommittee on Interstate and Foreign Commerce, because I know that, just like any other big committee of this House, they have a great number of bills before them and ordinarily they do not pay much attention to a bill that does not come from a member of the committee. But I have taken the precaution this morning to introduce a motion, which will be put on the calendar, because I am determined that if this Congress does not act on this matter this Congress alone shall be responsible. I have offered a motion to discharge the Committee on Interstate and Foreign Commerce, and, if permitted to do so under the rules of the House, after it has been pending seven days I shall call up this motion to discharge the committee and place this bill on the calendar for passage. I do not have much hope of calling it up. I think the committee will take action, and I have no pride of authorship in the matter. The fact that I offered this bill the day that the first session of this Congress convened does not necessarily entitle it to have my name. If the members of the committee want to take the bill and work it over and amend it, that is their privilege. The President suggested an amendment to increase the number of the interstate commerce commissioners. That is the only change he has suggested in the bill I have offered. If some member of the committee wants to do that, that is all right; but I say we can not sit here all winter and go home next March without having made some effort to change these freight rates, in the face of the final analysis of

this situation by the President, and look our constituents squarely in the face. If the Committee on Interstate and Foreign Commerce does not intend to act on the bill which I have introduced, then I intend to try to press my motion to have that bill placed on the calendar for a final vote. As I say, I am not making any criticism of the Committee on Interstate and Foreign Commerce. I know they have hundreds of bills before them, but there is no excuse for our not acting on this matter. We can carry out a good part of the President's program before the 4th of March. We can pass the farm credits bill, and we will do so, no doubt, if the Banking and Currency Committee will get a move on themselves, which I think they have shown a disposition to do in the past. We can pass that bill and we can pass this bill, which if it had been passed in the summer of 1921 would have saved to the people of this country hundreds of millions of dollars. It will behoove this Congress not to let a thing like this go by, especially now that we have the O. K. of the Chief Executive. It will behoove us not to wait until another strike and another and another before passing some law of this kind. I think while the committee are having hearings on that bill it would be well for them to take up the Hoch bill and try to settle this whole disputed question of what interest the whole public has in labor disputes.

Mr. NEWTON of Minnesota. As I remember, the gentleman's bill provides for abolishing the Labor Board.

Mr. TINCHER. Transferring their powers and functions to the Interstate Commerce Commission, exactly as the President's message advocated the other day.

Mr. NEWTON of Minnesota. Do I understand, then, that the gentleman wants still to continue the regulation of wages through some sort of governmental agency?

Mr. TINCHER. Oh, yes. I am not making an appeal to overturn that. I think we must have an agency of that kind. The fact is, from what little I know about it I am inclined to think I support the Kansas idea, as voiced by the Hoch bill pending in the gentleman's committee at this time. It would not be a bad idea if we passed it before the 4th of March; but I figure that that bill will probably excite so much opposition that it will be impossible to pass it before that time, and if we pass this one little measure that I propose it will probably have a tendency to prevent another strike. No one wants the Labor Board now. Even the labor people, who claimed I was an enemy of labor when I proposed to abolish the Labor Board, have changed their minds about that, because when the Labor Board made an order which reduced wages the railroad employees whose wages were reduced went out on a strike which cost the people of this country hundreds of millions of dollars.

Mr. COOPER of Ohio. The railway managers also refused to accept the decision of the Labor Board, did they not?

Mr. TINCHER. Yes.

Mr. COOPER of Ohio. It is only fair to mention that.

Mr. TINCHER. The railway managers, however, so far as I know, did not abuse me for introducing the bill.

Mr. COOPER of Ohio. What improvement does the gentleman believe the Hoch bill would be on the present Railway Labor Board, if the Hoch bill was enacted into law?

Mr. TINCHER. I think the Hoch bill, if enacted into law, would at least have this improvement—that it has teeth in it and gives the power to enforce the orders of the board; and as I understood the President's message he thinks the time has come in this country when the Government agency that has to do with these matters should look to the interest and rights of the over one hundred and some odd millions of other people as well as the interests of organized labor and of the owners of the railroads. That is the idea of the Hoch bill, and that is the idea of the Kansas industrial law.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOPER of Ohio. I ask that the gentleman have one minute more so that I may ask him a question.

Mr. HUSTED. I will extend the gentleman's time one minute.

Mr. TINCHER. The gentleman may ask his question, and if I can not answer it, it will be all right.

Mr. COOPER of Ohio. Does the gentleman believe we ought to pass a law along these lines—that if a Government tribunal makes an award of wages and the railway employees refuse to accept that decision they should be penalized and fined or put in jail for not doing so?

Mr. TINCHER. Oh, no. That is not in the Hoch law and that is not in the Kansas industrial court law or in any other law that I have ever heard advocated. The only time I ever heard anything like that intimated in any case was from those seeking to totally misrepresent the law.

Mr. CLARKE of New York. The President did not advocate that.

Mr. TINCHER. The President did not say anything like that in his message.

Mr. COOPER of Ohio. I agree with the President that the present Railway Labor Board should be abolished.

Mr. TINCHER. Then let us do it.

Mr. COOPER of Ohio. But I believe, in the next place, that we should go back to the condition which existed before the war and reestablish the board of mediation and conciliation, and let the railway employees and the railway managers settle their own differences and let the Government keep its hands off.

Mr. LINTHICUM. Mr. Chairman, I have been very much interested in the remarks made by my distinguished colleague, the gentleman from Ohio and the Senator elect of that State [Mr. FESS]—in what he has said as to the accomplishments of the State Department during the present administration. I entirely agree with him that much has been accomplished. It is a great honor to the Secretary of State, Mr. Hughes, but it must be remembered that he has always been in favor of an alliance between the nations of the world to preserve peace; in fact, in the famous letter which he and Mr. Root are given credit for drafting, which was signed and issued on the 14th of October, 1920, by Mr. Hughes and some 30 other gentlemen, it said:

> The undersigned, who desire that the United States shall do her full part in association with other civilized nations to prevent war, have earnestly considered how we may contribute most effectively to that end by our votes in the coming election.

And again—

> The conditions of Europe make it essential that the stabilizing effect of the treaty already made between the European powers shall not be lost by them, and that the necessary changes be made by changing the terms of that treaty rather than by beginning entirely anew.

It is manifest, therefore, that the Secretary of State, Mr. Hughes, has always been in favor of an association of nations, if not identical, then similar to the League of Nations. He has never been heard to issue his voice against the purposes of the league.

Mr. Hughes, the Secretary of State, in addition to this firm foundation, has been big enough, broad enough, and in the exercise of his knowledge and intelligence has not cast aside the policies of the Democratic administration, but has rather followed them, and has carried to fruition the work begun and partially finished by Mr. Colby, his predecessor.

The gentleman from Ohio mentions what was accomplished in Mesopotamia. Mr. Colby on November 20, 1920, sent a note to the British Government asserting the equality of treatment for the citizens of all nations, including, of course, the United States, in mandatory territory, and this policy has been carried out by Mr. Hughes.

The principle of the "open door" in China was a Wilson policy, which President Harding in a note of his Secretary of State dated July 8, 1921, reiterated and which was later confirmed by the Washington conference.

Ratification of the wrong done to the Government of Colombia by the illegal seizure of the Panama Canal route was a Wilson policy, and the Senate was asked to ratify a treaty to that effect, which it refused to do until the Republican Party secured control of the three branches of Government, and then on April 20, 1921, the treaty providing $25,000,000 for Colombia was ratified.

Nonrecognition of the unstable and illegal de facto government of Mexico was a Wilson policy, which has been consistently pursued by President Harding and his Secretary of State.

Nonrecognition of the barbarous Bolshevik government of Russia under Lenin and Trotski was a Wilson policy, which President Harding and his Secretary of State still maintain.

The Secretary of State under Mr. Wilson on November 9, 1920, protested to Japan and the other allied powers to giving Japan a mandate over the island of Yap. On February 21, 1921, a second note of similar character was addressed to the League of Nations, and on April 6, 1921, President Harding approved of that policy and sent a note similar in character and in argument to Great Britain, France, Japan, and Italy. The Washington conference, however, allowed Japan to maintain its mandate over the island of Yap but confirms to the United States full privileges of equality in the maintenance of wireless and cable stations on the island. Perhaps this was the best the Harding administration could procure, but it is certainly far less desirable than the policy laid down by the Wilson administration, because so long as Japan maintains control of this island just so long is it a menace to the Philippines, and our cable rights will avail us very little in the event of hostilities.

I wish to congratulate the Secretary of State for what was accomplished under the four-power agreement entered into at the Washington conference. It is a movement in the right direction, and from the tone of the President's message before Congress on Friday last it may lead to big things through an association with European nations. It must be said, however, that the Harding administration went far beyond the League of Nations in that they entered into an alliance with the other three powers. I think it could have been improved had the Senate adopted the Robinson amendment making it conform to the underlying principle of the covenant of the league.

If we can not enter the league by the front door it is better to enter into peace by the back door of a four-power treaty than not at all.

The gentleman from Ohio has spoken of the Near East conference now in session at Lauzanne, Switzerland, and says the United States is leading in this conference. I am glad to know that this is a fact, but it does seem to me if we want to lead in matters for the peace of the world we should also be willing to accept membership and responsibilities to maintain that peace. It seems astounding that a great nation like ours, which only a few years ago was foremost in world affairs, is now only in the position of looking on, looking in, or advising with. I note, however, in this Lauzanne conference that the Harding administration has declared that the Dardanelless and the entrance to the Black Sea must be kept open and free to the nations of the world. This same doctrine was issued by President Wilson as the twelfth of his famous 14 points.

I say this with no disparagement to the present Secretary of State and without any desire to belittle his accomplishments; in fact, it is to his honor and greatness that he has seen fit to grasp the good, whether from the Wilson administration or from the present administration.

What I do deplore is the fact that this Nation, with all its intelligence, with all its wealth and power, should not be willing to help maintain the peace of the world by assuming the leadership and the consequent responsibility which comes with it. In 1920 I was talking to the Secretary of State of Germany, and he said:

> We can never have reconstruction and peace and prosperity in the world until the United States is willing to sit down with the other great nations and help solve the problems which now confront us.

He said:

> We are all debtor nations; the United States is the only creditor nation. How can the affairs be settled unless the debtors and creditor together reach a conclusion?

The four-power pact will perhaps accomplish a great deal in the Far East, but there are great responsibilities which we must in some manner, either as a nation or as a people, assume if we would bring peace and normal conditions into the world. We have established in the Philippine Islands a democracy; the people constitute a mixture of Malay and Spanish. The task is perhaps one of the greatest and most progressive in the world's history. The Philippines extend for several hundred miles along the coast of China and the Malay Peninsula. India is near by. It is at the crossroads of world commerce. Can we not perceive that democracy is gradually entering the minds and hearts of the people of these far-off nations? There is India, with 320,000,000 people. Some 20 years ago they scarcely realized that they were more than chattels and slaves. They have awakened to the fact that they are human beings, with human rights and human aspirations. Look at China, with her 400,000,000 people. Already a democracy. A great Chinese Republic has been established. Japan has 70,000,000 people, who long since realized their position in the world. Take these great nations, and you have a people of over 800,000,000, constituting half the population of the globe. Can we not behold that the fires of democracy which were started by our forefathers in this country, which has consumed the nations to the south of us, has leaped the great Pacific, maintaining foothold in the Philippines, and spreading to this vast concourse of people?

In Europe democracy has spread like wildfire, and the great nations are to-day either republics or largely conform to the principles of that kind of government. Who shall say that America has not her responsibilities and, more than that, her opportunities, as a great leader of world affairs, and to her own honor and glory help settle the great questions which confront the peoples of all nations? Not long ago I was talking to Mrs. Sharp, the wife of our former ambassador to France. She had just returned from several months spent in the countries of Europe. She described conditions as deplorable, money as worse than valueless, and she said:

> What the people of Europe want is not sympathy, gifts, or donations, but leadership. They have reached that state of despondency and despair when they know not where to look for guidance. They feel that we have neglected them, and yet they pray for America to take the lead in righting things and bringing the Old World to its feet again.

We need not fear entangling alliances. No nation or people would ask it; but what they do want is leadership; and if the League of Nations can not be agreed upon by such amendments as may seem proper to the majority party, then let us pray that our Secretary of State will devise some other method which will bring peace, happiness, and prosperity, and likewise confidence, to the nations of the world. [Applause.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman, I want to direct attention to the condition with respect to the district judiciary, suggested by the item on page 33, appropriating $937,000 with which to pay the salaries of the district judges of the United States. Gentlemen will recall that last year the Department of Justice urged very strongly upon the Congress to increase the number of district judges in the United States, stating that the business of the country is congested, that justice is denied and criminals are permitted to escape because there is no tribunal before which they may be tried. Acting on that suggestion, Congress passed a bill which was approved on the 14th of September, and about the 22d of September the President sent to the Senate the names of three nominees for those positions, two for Massachusetts and one for the eastern district of Illinois. Some twenty-odd judgeships provided for in this bill have not been filled. The remaining days of September have gone by, all of October has passed, November has gone into history, and we are almost at Christmas. During all of that time determination as to nominations has been possible and the Senate has been in session since November 20. In so far as I can ascertain not another name has been suggested to the Senate to fill the positions created by Congress. In the southern district of New York, the heart of the congestion, a vacancy has remained unfilled for more than a year, and the country has the right to know why. If the condition obtains which the Attorney General a year ago told us did obtain, congested prisons, congested courts, and civil litigants denied the opportunity of trial, why this holding up of nominations to fill the positions created by Congress in response to the Executive request? Why is it that the nominations are not forthcoming for these congested districts and these men put to work? If any gentleman on the Republican side has an answer to the question, I yield to him that he may answer in my own time.

Mr. McSWAIN. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I am addressing myself now to gentlemen on the Republican side. I want to hear from them.

Mr. McSWAIN. Assuming nobody is going to rise, will the gentleman yield to me?

Mr. STAFFORD. It may be that conditions have changed, and that there is no need for them, and that would be a saving to the Treasury.

Mr. McSWAIN. But is it not the gentleman's observation and information that conditions are worse than they were a year ago?

Mr. SUMNERS of Texas. I do not think that anyone will contend that the congestion in the district courts of the United States has to any degree subsided since the time when the Attorney General first came before the Judiciary Committee of the House.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. BANKHEAD. Possibly it may be that the Attorney General has been so busy answering these charges laid against him that he has not had time to make his recommendations.

Mr. SUMNERS of Texas. I do not know about that, but with this need, which is insisted upon by the Attorney General, by the Chief Justice of the Supreme Court, by the committees of the House and Senate, and by gentlemen who have stood in their places here and detailed the conditions of congestion in their respective sections of the country, it seems to me, with nothing having been done since September, we have a right to know why. Congress provided the positions, too many positions it is true, but some are needed; badly needed. Almost a quarter of a year has passed since Congress created the positions, and only three of them have been filled. I say some of these positions ought not to have been created. I tried my best to have the extra judgeship for the district of New Mexico stricken from the bill.

That judgeship was not recommended by either the House or the Senate Judiciary Committee. I have recently introduced an amendment to the law striking from it the judgeship provided for the district of New Mexico. I believe, Mr. Chairman, that the positions on the Federal judiciary ought to be held

absolutely free from every suspicion of political jockeying. At this time I am not proposing to call a spade a spade, although I shall do it some other time——

Mr. COOPER of Ohio. Do it now.

Mr. SUMNERS of Texas. Very well, I shall. I say there was but one possible consideration for incorporating the judgeship of New Mexico, which was not recommended either by the House or the Senate Judiciary Committee investigating as to the needs of the situation. I say in regard to that judgeship, if I must call a spade a spade, that the hand of practical politics was laid on the Federal judiciary. If we are to endure as a Government we must protect the judiciary from the fact and from every just ground to suspicion that judicial positions are created to meet political exigencies. If it be apparent that that be the motive for the creation of the position, who can be made to believe that that motive stopped short of the filling of the position? I am not speaking merely in criticism. It is not too late to strike from the law of the country the congressional authorization for the appointment of this judge for New Mexico. While there are, I believe, a number of judgeships included in that bill that ought not to be there, this one stands out indefensible, a reflection upon the Congress and a hurt to public confidence. In the year preceding the writing of this bill, according to the report of the Attorney General, there was tried in the district of New Mexico only one civil case to which the United Sates was a party; as I recall it, 22 civil cases to which the United States was not a party; and 22 criminal trials where a jury was had. In all, 44 cases. And yet we send another judge into that district for the taxpayers of this country to support at a time when every public interest demands the most rigid economy. Of course, no new judge is needed there. The present judge must either remain idle much of the time or go out of the district in order to find employment. If there is no public need, the only other need is a political need; the only other motive is a political motive.

Mr. MICHENER. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MICHENER. Will the gentleman inform the House as to the number of cases now on the calendar in New Mexico?

Mr. SUMNERS of Texas. At this moment I do not have the report, but they are relatively small.

Mr. MICHENER. Will the gentleman yield for just another question?

Mr. SUMNERS of Texas. I make this statement. I know the gentleman well. The gentleman serves on the Judiciary Committee with me. He is a high-toned, patriotic, efficient legislator and he will not say to the membership of this House that he believes that there is need in the district of New Mexico for another judge.

Mr. MICHENER. That is what I was trying to find out, and that is in regard to the length of those cases tried down there. The gentleman well knows in some cases 44 cases of a certain kind tried in a year would be a big program.

Mr. SUMNERS of Texas. That is right. The gentleman is a member of the Judiciary Committee. He voted for the bill, and I will ask him if he knows now there was such litigation in New Mexico as to justify this appointment?

Mr. MICHENER. No; we did not put it on in the committee.

Mr. SUMNERS of Texas. No; and we ought to take it off. If there had been any need we would have heard of it when the bill was being prepared.

Mr. GARNER. Will the gentleman yield?

Mr. SUMNERS of Texas. I will.

Mr. GARNER. If the President should delay the appointment of a judge in New Mexico in proportion to the delay in appointing those that seems to be necessary he will not make the appointments during this administration, will he?

Mr. SUMNERS of Texas. I will say to the gentleman that there seems to be a rather general opinion that these appointments will come pretty soon after they get through with a few bills in the Senate, including the ship subsidy bill. But about that I do not know. All I do know is that the three judges who have been appointed were appointed within about a week after the bill was passed; then two months followed in which to determine other appointments. The Senate has been in session since the 20th of last month to receive those appointments, and they are not forthcoming. It is not because there has not been time in which to consider a substantial number and determine as to nominations in most of the districts of greatest need. It can not be because there is not the most urgent need in some districts. One of the districts where there is the least need of a new judge—the eastern district of Illinois—was given one of the three which has been appointed; yet the appointments are not being made. Why, I do not know, but it does not seem to me that the reason can be the only worthy reason which can obtain in this situation, namely, the lack of time in which any of the remaining selections could be made. That, of course, is an Executive responsibility. I want to speak a little further of the congressional responsibility. I want to direct your attention with reference to the New Mexico judgeship to the further fact that it can not be claimed that this judge, who is not needed in New Mexico, can be sent into any of the contiguous country. You can not send him into California, because by this bill we are providing one new judge for each of the districts of California. You can not send him to Arizona, because we are providing a new judge for Arizona, which oversupplies that district. We are providing new judges for the northern district of Texas, the eastern district of Oklahoma, for Wyoming, and for Montana. If used at all, he will have to be transported across the continent at public expense and $10 per diem extra. The fact is that good faith and due regard for the sacredness of the Federal judiciary will not countenance an excuse for such an appointment as this, that maybe work for the appointee can be found in some other district into which from time to time he may be transported. Such appointments are not made when the motive is to serve the public interest. It is not done that way. The Congress ought to right itself in this matter.

Mr. TAYLOR of Colorado. Mr. Chairman, how much time did the gentleman yield back?

The CHAIRMAN. The gentleman yields back 7 minutes.

Mr. TAYLOR of Colorado. I yield 3 minutes to the gentleman from South Carolina [Mr. LOGAN].

Mr. LOGAN. Mr. Chairman and gentlemen of the committee, I simply want to make a statement in connection with the public meeting which was held in Washington on Sunday in regard to a man by the name of Magon. On Friday or Saturday a lady called at my office and asked me if I was in sympathy with these political prisoners. I told her, "Yes." I understood the meeting would be called generally for clemency, and under those circumstances I stated she could use my name. I did not have any idea that the meeting was to be of the nature that it was, and while I have no idea that I was intended to be deceived, I would not have signed the call had I known the nature of the meeting that was going to be held. I only wanted to make that statement in justice to myself and other Members of the House. [Applause.]

Mr. TAYLOR of Colorado. I yield to the gentleman from South Carolina [Mr. McSWAIN].

Mr. McSWAIN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by inserting a statement concerning a bill which I have introduced affecting rural credits, known as, I think, H. R. 13270, and also some additional facts in regard to House Joint Resolution 400.

The CHAIRMAN. The gentleman from South Carolina asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection? [After a pause.] The Chair hears none.

Mr. McSWAIN. Mr. Chairman, I desire to take a few minutes of time to explain the provisions of the bill that I have introduced, being H. R. 13270, to provide adequate credits for the assistance of farmers, whether they are producing the products of the fields or of live stock. In the very beginning I must acknowledge my obligation to the well-worked-out and well-expressed bill introduced by Mr. McFADDEN, chairman of the Committee on Banking and Currency, and also to the bill subsequently introduced by Mr. ANDERSON, chairman of the Agricultural Commission. I confess to having adopted much of the language of Mr. McFADDEN's bill with respect to the details of organization, management, and inspection of the rural-credits banks, but my ideas of the fundamental principles underlying the systems differ so widely from the plans contained in the bills of Mr. McFADDEN and Mr. ANDERSON that I feel it my duty to put before the Congress my plan. I do this with all deference to the wider experience of the gentlemen already named, but each one of us is responsible to his own constituency and to his own conscience for the exposition of his own convictions.

PROMPT RELIEF NECESSARY.

Mr. Chairman, while it is now universally admitted by all classes, even by the large bankers of the East, that agriculture is the fundamental and the basic industry upon which rests the hope of prosperity and of life itself for the Nation, and while an adequate and wonderful system of financing has been devised for the use and convenience of commerce, industry, and capital in the Federal reserve system, yet the farming business has been left to the very last to receive such relief, when in fact it should have been the first for consideration. No doubt this is due largely to the fact that the farmers are not organized, or at least are disorganized, and their various organizations present a diverse and conflicting

front, but everybody is beginning to recognize that there is too great a difference between what the consumer pays for what he eats and wears and what the farmer gets for those very things when they leave his hands.

The farmer, as the primary producer of the essential wealth of this and all countries, is certainly entitled to the first and, I solemnly believe, to the largest slice of the profits to be made out of the commodities he produces. Strange to say, we all know that many persons who never see the farmers' meat, and corn, and wheat, and cotton, and vegetables, and other produce, and merely allow the same to pass over their books, take infinitely more profits than the farmer himself. The mind of the thoughtful man must be impressed with the comparison between the modest, and oftentimes pitifully inadequate, homes upon the farm, with few conveniences and no comforts, whereas the great cities contain mighty palaces and structures reared at vast cost out of the profits made from handling over the books the very things that the farmers' toil and skill and long watchfulness have builded by the assistance of the magic processes of nature, out of sunlight and moisture and soil, into the most delicious morsels that tempt the human appetite.

WE SHOULD EMPLOY EXISTING MACHINERY.

The bills of Mr. McFADDEN and Mr. ANDERSON contemplate employing in a large measure the machinery of the Federal land bank and farm loan system, and, on the contrary, my suggestion is to employ the machinery of the Federal reserve system. These systems are fundamentally different. The farm loan system has the dual aspect of first furnishing an absolutely safe and continuing investment for capital, and, on the other hand, long-time loans at reasonable rates, with the opportunity to pay off gradually for the borrower. The investing public has been convinced that the farm loan bonds are the best in the world, as they are. But the loans necessary to assist the farmer in producing his crops annually or in raising his live stock, over a period not exceeding three years, do not correspond with the ideas of the farm loan system, but do coincide with the plan of the Federal reserve system. The Federal reserve system is designed to furnish credits to meet fluctuating demands of commerce and industry. By the concentration of reserves, and by the transfer of reserves, and by the power to issue Federal reserve bank notes and Federal reserve notes, that system can expand as the requirements demand and contract as the needs cease. It is true that the limitation of 90 days applies to commercial paper in the Federal reserve system, but we all know that, as a matter of experience, merchants and manufacturers who borrow from their local bank for 90 days do not expect, nor does the bank expect, that the note itself will be paid in full and forever at the end of the 90 days. It is expected that the note will be renewed for a larger or a lesser amount, because the merchant or manufacturer, or other business man, who must borrow once will most likely be in need of constant borrowing. The Federal reserve system has in its several reserve banks over $15,000,000,000 on deposit that are drawn from member banks and from the Government, for the use of which absolutely nothing is paid, and so the member banks have thousands of millions of dollars on deposit, a large part of which belongs to farmers themselves and little, if any, interest is paid for the use of this money. The farming class, the essential class, the producing class, the conservative class, the class from which is drawn the fresh blood and pure morality that constantly saves the Nation, is entitled to every consideration of convenience and relief.

PLACE RELIEF CLOSE TO EACH FARMER.

One of the chief objections that I must offer to the plans of Mr. McFADDEN and Mr. ANDERSON is that they are too remote from the small and, as we say, one-horse farmer who lives on his own small place or upon a rented place and works the land with his own hand with the assistance of his wife and his boys and girls, and this class of farmer constitutes more than 75 per cent of those who produce the things upon which we all live. If transactions must be through the Federal land banks, as their plans suggest, and as there are few such Federal land banks, they are therefore far removed from the masses of the people. The large farmer with hundreds of thousands of acres can carry on correspondence with the Federal land banks or take the train and go hundreds of miles to confer, but not so the small farmer.

HOW CAN LOCAL RELIEF BE ACCOMPLISHED?

It is fundamental in a system that will be convenient and at the same time safe that there must be assurance of at least one bank in each county in the agricultural sections, and there must also be local financial responsibility in order to insure that advantage will not be taken and thus the system weakened. It is but human nature for people to borrow all they can, and it is sadly true that often persons fail to show the same diligence in repaying that they do in borrowing. Therefore I suggest that there may be organized banks under the Federal Government, to be chartered by the Comptroller of the Currency, consisting of at least 10 natural persons with a minimum capital stock of $10,000 and with no maximum, and that State or National banks may take not more that 49 per cent of this stock and that the business may be transacted in the same banking room, if desired, and that the same officers, if elected by the board of directors, may administer the affairs of the local rural credits bank as administers the State or National bank in connection with which the rural credits bank may be organized. Of course the rural credits bank may be entirely separate, with an entirely separate set of officers, but I believe, in the interest of economy and of speedy organization, that the banks will take up the organization of rural credits banks very quickly. My observation and experience is that the local banks in the small cities and towns in agricultural sections are entirely in sympathy with the needs and requirements of the farmers and wish to help them, but for economic reasons they can not.

First, the farmer must compete with business men who can pay a higher rate of interest, and usually the farmer who must borrow has no money to deposit, though there are many farmers out of debt and depositors. With a minimum capital of $10,000 and with power to turn over and lend a total of $100,000, and with the power to make 2 per cent thereon, it will net to the local rural credits bank $2,000, and as there will be little clerical work I am persuaded that the cashiers and assistant cashiers of the banks will be only too glad to take a salary of $100 per month to attend to the business of the rural credits bank, so that the bank can pay 6 per cent interest on $10,000 capital and have $200 margin of profits.

The bank itself will be glad to have the farmers' bank operated in connection with it. The bankers want to show themselves friendly to agriculture. Many banks in my section furnish seed grain, brood sows and boars, and thoroughbred bulls and stallions at actual cost, and finance the farmer in order to promote the welfare of the farmers. Therefore, I am convinced that they will gladly organize these banks, at least one in each county, and they will also derive a certain financial benefit for two reasons: First, the farmer borrowing his money at the first of the year will deposit it in the State or National bank and check it out gradually so that the deposits of the bank will be swollen; and in the second place, the farmers having found the way into a certain bank will return when they begin to be prosperous and have money to deposit generally.

RIVALRY WILL ENCOURAGE BANK ORGANIZATIONS.

In practically all of our county-seat towns, even in the remotest rural sections, there are at least two banks, and if one bank organizes in connection with its business a rural-credits bank, the other bank, fearing the effect of such competition, will also organize one, and by watching and competing with each other we may make sure that the farmers' needs will be fairly met. Then if the cashier is having his salary increased $100 per month, the cashier in the other bank will be anxious to receive the same increase. One hundred dollars per month additional in our smaller towns is a vast increase to men who are receiving now in many cases $150 to $300 per month.

MY PLAN OFFERS USE FOR SURPLUS GOLD.

Gold is still the basis of money value and probably will be for generations to come. The statement of the United States Treasurer for December 4, 1922, shows that we have in gold $3,270,472,528.86. It is admitted by everybody from the President down that we do not need so much gold. Some have argued with show of reason that this vast quantity of gold is a detriment to our commerce, and the unequal distribution of gold among the countries of the world is certainly one of the prime causes for the destruction of a stable basis of exchange. In my bill, therefore, I propose to transfer to the Federal Reserve Board $500,000,000 of this gold as a guaranty for the Federal reserve notes that shall be issued in order to meet the requirements of the farmer. As will be found by reading the bill, this money is virtually lent in trust and will be ultimately refunded out of the profits of the system itself, and, when fully refunded by the profits of the system, will accumulate in gold in the notes of the Federal Reserve Board in order to guarantee and insure the stability and par value of the circulating medium required to be issued in order to finance the farmers from year to year.

ADDITIONAL CURRENCY WILL STIMULATE BUSINESS AND ENCOURAGE PROSPERITY.

The need for a larger volume of money as a medium of exchange is increasing every year, as our business becomes more complex and our business transactions more multiplied. Our fathers and grandfathers, living on large plantations, each of

which was a sort of empire within itself, with the mill and the tanyard, shoe shop, and the cows in the pasture to produce the hides, and the smokehouse to cure the meat, and the sheep and cotton to produce the thread, and the spinning wheel and loom to make the cloth, did not need much money. They required only enough to pay small taxes, and to buy some sugar and coffee, pepper and salt, medicine, and something for the doctor and preacher. But now, under a constantly multiplying division of labor, the farmer usually does not even sharpen his own plows and shoe his own mule, much less make or mend his own shoes, or grind his own wheat or corn, or manufacture his own cloth. And all these things must be paid for in money, so that it takes a larger volume of money constantly passing through his hands in order to meet his requirements. This increase in the volume of currency will help the merchant and the manufacturer, and the railroad, and the banker himself, and will help everybody except the person or corporation whose sole assets consist of cash itself, and who will find that the demand for their cash is diminished as the quantity of actual money in the country is increased.

HOW WILL THE VOLUME OF CURRENCY BE INCREASED?

The plan contemplated by my bill is that when the farmer takes his note and mortgage, whether on land or on crops or on stock, to the local farm credits bank and has the same discounted, that note can be sent to the Federal reserve bank for the district, which must discount it at a rate not exceeding the interest being earned for the preceding year by the investors in Libery bonds or Victory bonds, which are unsecured obligations of the Government of long standing. This duty to rediscount by the Federal reserve banks is obligatory. That is one of the sharp differences between the bill introduced by myself and that offered by the gentlemen named. If the Federal land banks merely may rediscount for local banks the paper of farmers, then the local banks will be very chary to accommodate farmers, so long as it is a mere matter of discretion with the Federal land bank. But under the plan proposed by me the Federal reserve bank must rediscount every paper that the local farm credits bank tenders and indorses.

IS THIS PLAN SAFE?

I submit that it is safe, because the local farm credits bank must indorse and guarantee payment to the Federal reserve bank of every one of these notes, and the stockholders will be responsible in double the amount of stock invested by them, and the associate bank will have a certain degree of moral responsibility for the safety of the loans. There is no duty imposed by this bill upon the local farm credits bank to lend money to any and every farmer who wants to borrow. If the farmer is lazy or inefficient or dishonest, he neither can nor should expect any help from any system. On the other hand, if he is honest and if he is industrious and if he is capable, he has the right to expect accommodation upon reasonable terms for at least 12 months at a rate of interest not exceeding 6 per cent.

HOW CAN THE FEDERAL RESERVE BANK FINANCE THESE FARMERS' OBLIGATIONS?

When the paper is rediscounted by Federal reserve banks it is then tendered to the Federal reserve agent and it is obligatory upon him to pay to the Federal reserve bank the amount of such paper in Federal reserve notes, and it is the duty of the Federal Reserve Board to issue Federal reserve notes in sufficient sums, backed up by a $500,000,000 guaranty in gold, in order to meet these requirements. It is hardly possible that the total short-term credits of all the farmers in the United States under such a system would aggregate five thousand million dollars, but if it should, the soundness of the currency is guaranteed by one-tenth of the amount of gold and by 100 per cent of the amount in paper and by 200 per cent of the amount of the liability of the stockholders of rural-credits banks. With this margin there can be no reasonable doubt about the soundness of the currency. Every dollar of the Federal reserve notes, which will bear upon their face evidence of the fact that they have been issued to carry on the agricultural industry in this country, will be redeemable any day in the year in gold. But who can demand their redemption? They will be legal tender for all obligations, both public and private, in the United States. The citizens of other countries can not acquire them in any substantial quantities, because other nations and other citizens owe us and our nation in the aggregate sum of at least fifteen thousand million dollars. Therefore, by no possibility of international finance can these Federal reserve notes for farm purposes fall into the hands of foreigners and, therefore, we will not find them presenting them to the Federal Reserve Board and demanding their redemption in gold.

WHAT WILL BE DONE WITH THE PROFITS OF THE SYSTEM?

The local bank can not charge more than 2 per cent above the rate of rediscount and that will be used to pay dividends and the expenses of administration. Out of the balance a fair proportion of the expenses of each Federal reserve bank and any losses on any paper will be paid, to be fixed by the Federal Reserve Board, and the balance will be placed to the credit of the Federal Reserve Board and used to redeem and refund and to restore to the Government the $500,000,000 in gold lent by the Government to set the machinery in motion. When all of the advancement by the Government shall have been refunded, then the rate of rediscount shall not exceed 2 per cent and thereafter the farmers will be receiving their annual accommodations at a rate of interest not exceeding 4 per cent; and then probably it will be found that the 2 per cent allowed to the local bank may properly be reduced to 1½ or even 1 per cent, so that we may reasonably hope for a time when the farmers who go forth to sow and to reap, who watch the live stock from birth until the day of sale or slaughter, will be receiving financial assistance at about 3 per cent per annum.

RELIEF WILL COME QUICKLY.

Under the system proposed by the eminent and able and experienced gentleman referred to a delay of one or perhaps two years even after the enactment of the legislation will follow. The huge corporations proposed by them must be organized, and in our impoverished sections of the country their organization will be practically impossible. Then the bonds, in order to raise the money from private subscribers, must be floated, and that will involve delay. Their plan is to furnish a place for the investment of capital that the very people have accumulated who have made enormous profits out of the produce of the farm, and by a strange irony of fate these people who have grown rich by using the opportunities and agencies of our economic and transportation structure to exact an unreasonable profit and toll for the things that they handle almost theoretically for the farmer are now brought to believe and think that they are benevolent and almost charitable by subscribing to bond issues to finance the farmer when they are to draw interest on those bonds and to continue to profit immensely on the products of the farm. I make no war upon any line or class of business. I recognize that some middlemen are necessary under our economic structure, though I believe that there are too many middlemen, and I believe that we have permitted to continue an economic and transportation system that makes it possible for those who stand at the gates to exact a toll for their services altogether out of proportion and excessively large for the value of the services actually rendered.

WHY SHOULD NOT THE LAW DO FOR THE FARMER WHAT IT DOES FOR THE BUSINESS MAN?

It may be objected that my plan proposes the issue of a sort of "fiat money" in order to finance the farmer. While I deny it and in a few minutes can prove it to be false, yet I remind you that the Federal reserve system contemplates the issue of the same sort of "fiat money" in order to help the merchant, the manufacturer, the railroad, the speculator in cotton and wheat and corn and meat. The Federal Reserve Board can issue Federal reserve notes when there is only 40 per cent in gold or other legal money as a guarantee behind the same, and in such a case 60 per cent of the circulating medium thus poured into the channels of commerce is "fiat money" in the sense of those who may criticize the plan I propose. But I submit that in neither case is it actually fiat money, and the Federal reserve notes to be issued to finance the farmers will be safer and sounder and more sure and certain of redemption than those issued to finance the merchant, the manufacturer, and the speculator. Why? Because the Federal reserve notes to accommodate the farmer are backed not only by the gold above mentioned and not only by the indorsement of the local bank but by the papers, which represent actual commodities and actual values, either in existence or to be brought into existence in a little while, and when brought into existence constitute the very things that more than 100,000,000 people of this Nation and the teeming millions of other people must eat every day and must wear all the time.

The basis for the Federal reserve notes now being issued to accommodate commerce and business consists, to the extent of 60 per cent, of the unsecured notes bearing the signature of two or more persons and resting solely upon their financial responsibility at the date of maturity. Take the statistics to see how 95 per cent of the merchants of this country ultimately become bankrupt. Ask the statistics how many of the notes of these merchants are worthless, or partly worthless, at maturity. But, on the other hand, under my system, as a matter

of fact the obligations of farmers based upon a lien on the crop or the live stock are worth almost par. A gentleman of high character, well known to me, and now more than 70 years of age and having been engaged in business as a merchant and banker in a rural section for more than 40 years, has often told me that out of the perhaps millions of dollars that he has lent to farmers $500 would perhaps cover all the losses he ever sustained. Not at all, by a great deal, were the papers paid when due. Many of them had to be carried over and added into the next year's obligations, and some of them had to be continued for three or four years in part, but ultimately, when Providence smiled with suitable seasons, and fortune aided with adequate prices, the honest farmer stepped up and met his obligations, new and old. The plan provides criminal penalties for anything like fraudulent representations and fraudulent failure to preserve and protect the commodities and apply the cash proceeds to the liquidation of the farmer's debt. Therefore, there can be no reasonable doubt about the soundness of the system.

WHICH SYSTEM WILL YOU CHOOSE?

Will you choose the system that involves delay; that rests upon the word "may"; that depends upon the willingness of tha capitalists to subscribe stock; that rests upon the impossibility of raising capital sufficient to organize the financing corporation, when the farmer has already waited too long and waited to his own loss and suffering and to the consequent impoverishing of the Nation as a whole and to the delaying of the return of prosperity, or will you adopt the system here offered by me that can be put into operation by every agricultural section of the country within at least 60 or 90 days after its approval by the President? The press can advise the country of this ample and easy method of furnishing financial relief. The banks in the smaller towns and cities, with eyes open and ears keen to learn of ways and means to promote their business interests, will be applying for permission to organize the rural credits banks the very next day after the law has been placed on the statute books. When one bank in the town, through its friends and business associates, to wit, at least 10 natural persons, shall have organized such a bank as a sort of side pocket and business feeder, the other banks in that town and the banks in the neighboring towns will wake up and begin at once the organization of such banks.

The very day the bank is chartered by the Comptroller of the Currency it can begin to lend money, and if this bill could be put through the House and Senate by the 15th day of January, 1923, then by the 15th day of February, 1923, the farmers could be getting money at not exceeding 6 per cent for a period of 12 months; and with this financial aid they could prepare the soil and buy the fertilizer and buy the seed and cultivate and harvest the crop, and eventually market it in an orderly manner; and at the end of 12 months hope would have returned to their hearts, confidence would have been restored, the volume of commodities necessary to support the Nation would have been increased, and by the assistance of cooperative markets the farmer would be getting a better price and at the same time the ultimate consumer in the cities would be getting what he must eat and wear at a lower price, and a contented and happy people would join in a common chorus of praise for the blessings of such a system. All the world agrees that the Federal reserve system is a marvel in the world of finance. While it has defects that should and can be easily corrected and perfected, yet in the main it is a matchless system. Now, on behalf of the farmers, whom everybody serves with his lips and so few assist with their hands, I ask for the application of the blessings of this wonderful Federal reserve system to his needs. The farmer reminds us that he is a part of this Nation, and as such part had a hand in the forming and chartering of the Federal reserve system. It is as much his system as it is anybody's. Of course, Mr. Speaker, I know that we are told by the lawyers, and it is technically true, that the Federal reserve system is a private banking system and that it belongs to the banks as a private institution, and that it is in no sense a governmental institution, but we must remember that it required long years of agitation to convince an American Congress that such a system would be necessary, and it required the exercise of sovereign power on the part of this National Government to create this system and to breathe into it the breath of life. The private banks never could have created it and, worse still, they never would have created it. They fought it from the beginning, and most of them went into it unwillingly and were forced in only by mandate of law, and some national banks surrendered their charters rather than enter the system. I can well remember that the national banks in the little towns and cities, echoing the voice of Wall Street and of the mighty financial interests that had profited immensely by the control of money and currency, fought with all their might to prevent the Congress from enacting the law. Now these very banks all join in singing its praises. It is a blessing to the little bank. It has saved the little bank from the clutches of the greedy manipulator of money on Wall Street.

TREAT THE FARMER AS YOU DID THE BUSINESS MAN.

All we ask is that the Government exercise the same power for the benefit of the farmer as it does for the benefit of the business man. The Government uses its sovereign power and right to make money to circulate as a medium of exchange and to have the quality of legal tender in order to accommodate the requirements of commerce and industry. How can it and how dare it do less for the farmer? Remember that the farmer has struggled through three desperate years with the prices of his products constantly falling, while the prices of the things he must buy remain constant and in some cases rising. To adopt a system that will involve a continuing delay of at least one and perhaps two or three years, that will not carry its conveniences close to the farmer's door, that will accommodate the large farmers but be practically beyond the reach of the smaller farmers, will result in continued stagnation, so that hope so long deferred may not rise in the farmer's heart; and since the prosperity of all the people depends upon his labor and production, the return of prosperity of the whole Nation will certainly be delayed and may be prevented by such a system as is contemplated by the honorable and able gentlemen above mentioned.

I appeal for relief, for quick relief, for adequate relief, and in the name of the farmers who feed and clothe this Nation and a large part of the world, of the farmers who settled this continent, who cleared its fields and drained its swamps, and ultimately built its cities and all of its great industries, I affirm that we have a right to demand this quick and adequate relief.

Mr. Chairman, I beg to call the attention of the House to the following extract from the inaugural address of President Harding, delivered on March 4, 1921, in connection with House Joint Resolution 400:

> Our supreme task is the resumption of our onward, normal way. Reconstruction, readjustment, restoration—all these must follow. I would like to hasten them. If it will lighten the spirit and add to the resolution with which we take up the task, let me repeat for our Nation we shall give no people just cause to make war upon us; we hold no national prejudice; we entertain no spirit of revenge; we do not hate; we do not covet; we dream of no conquest nor boast of armed prowess.
>
> If, despite this attitude, war is again forced upon us, I earnestly hope a way may be found which will unify our individual and collective strength and consecrate all America, materially and spiritually, body and soul, to national defense. I can vision the ideal republic, where every man and woman is called under the flag for assignment to duty for whatever service, military or civic, the individual is best fitted; where we may call to universal service every plant, agency, or facility, all in the sublime sacrifice for country, and not one penny of war profit shall inure to the benefit of private individual, corporation, or combination, but all above the normal shall flow into the defense chest of the Nation. There is something inherently wrong, something out of accord with the ideals of representative democracy, when one portion of our citizenship turns its activities to private gain amid defensive war while another is fighting, sacrificing, or dying for national preservation.

Mr. Chairman and gentlemen of the Congress, I submit that the principle contained in House Joint Resolution 400 is as sound and as unassailable as the axiomatic principles contained in the Declaration of Independence. How can it be said that the only persons morally bound to make sacrifices on a large scale in time of war, to sacrifice health, to sacrifice body, to sacrifice life itself are the young and vigorous men who take up arms and follow the flag? Why should our country, the first great modern democracy, demand one citizen to give up his life in time of war and at the same time bestow vast wealth upon another citizen as profits upon war supplies bought by the Government? If our Nation should suffer a defeat at war—a thing well-nigh unthinkable—all investments, all capital would be very largely wiped out. Reparations are paid out of property and not measured in human blood. Therefore, there is the selfish motive for the holders of vast accumulated wealth to furnish the sinews of war, while the masses of humanity furnish the soldiers.

It seems hardly necessary to argue the proposals contained in this resolution. In fact, remembering the fine and unselfish spirit of patriotism which moved and inspired our civil population during the World War, I conclude that if they had been called upon to make voluntary donations to carry on the war we would not have lacked for material and supplies. Men too young to be drafted, men too frail to be accepted as volunteers, and men too old to bear arms saw with tear-stained eyes the boys marching out to the transports to go over to defend and to

save liberty, justice, freedom, and democracy, would gladly have given a fractional part of their wealth to have been parties by proxy in that heroic crusade. And certainly when we now propose that there shall be equity and fairness and justice in the draft upon the resources of the different industries and individuals we conclude that no man will raise his voice in opposition to the adoption of the plan.

The man power making up the Army must itself fight out the war now and can not postpone and shift the fighting duty to subsequent generations. Then why could it be urged that the nonmilitary part of the population should have their obligation to contribute the material to make war postponed, as represented by bonds, to be paid with interest by later generations? The adoption of this method of universal mobilization will be evidence of America's devotion to the ideals of democracy and of her faith in the justice and permanency of republican institutions. We will no longer see the choice and selected young men, found to be physically and mentally superior, serving in the Army at a dollar a day while those who have been rejected as physically or mentally unfit or, worse still, while the dodgers and yellow backs are earning from five to ten dollars a day digging ditches, building ships and shacks, constructing roads, and performing other kinds of unskilled labor.

The adoption of such a policy of military preparedness will remove the motive for jingo propaganda; it will also notify industry to get ready for a change to war needs, and such change can be made with less shock and jar. Furthermore, to conduct a war on this principle of universal service and universal contribution to the common cause will prevent the feeling that injustice has been done because some have contributed more than their share, as measured by the profits that others made and the security that others enjoyed in the defense of those principles of national life that are dearer to the American people than life itself. When the feeling of resentment arising from injustice no longer prevails, then we may confidently hope for internal peace and social solidarity. The only safe and abiding foundation for any government, and especially a government that rests upon the consent of the people, as does ours, is justice. And by that I mean something approaching moral justice. I do not mean justice in the sense in which it is used in the courthouse when the criminal is being tried according to the law as already written; I mean justice as it should abide in the breast of the lawmaker who searches and seeks to know what the law should be.

I am personally grateful that the President, in his message delivered to the Congress on December 8, 1922, asks us to give this principle of drafting the resources of the Republic, both human and material, for national defense our approval, and I hope it will receive our speedy approval. I think the reasons assigned by the President are ample, but I cite the fact that the American Legion, at its annual convention at New Orleans in October, 1922, unanimously adopted the report of its military affairs committee approving this principle of war duty. I think the war power as it now exists in the Constitution is sufficient. The adoption of this legislation now would be conditional upon the subsequent declaration of war by Congress. The President could not exercise the power of mobilization until war shall have been declared by Congress. The war power is full and complete. In time of war this Nation may do all that any sovereign may do to prosecute war, especially where the Constitution itself expressly forbids the conduct of war in a given manner. The Constitution does not forbid Congress to exercise the power now in question. However, if I am wrong about this, then I am for a constitutional amendment; and I believe the people are for such a constitutional amendment, and I can not believe that any substantial number of persons will resist the adoption of such a measure so manifestly just, so long as 4,000,000 men still live who were called upon to make the great sacrifice of time and effort, and many of them of blood and 70,000 of them of life, while, on the contrary, thousands and hundreds of thousands remained in security, bought with the soldiers' blood, and piled up such profits as they had never dreamed of, even in the wildest moments.

The joint resolution which I propose merely lays down a broad proposition undoubtedly sound. In order that there may be no snap judgment and no lack of many-sided considerations, I propose that we call to the council table 12 men who ought to know more about the Nation's needs in times of war than any other 12 men.

Three of them will represent the nonofficial and civilian point of view. In fact, all of them will represent the interests and feeling of the people themselves. The four Members of the House of Representatives have come fresh from an election by the people. This may also be true of the Senators who will serve. The three members of the Cabinet have rendered conspicuous public service, two of them in Congress, two of them in war, and one of them as the most conspicuous administrator of relief to suffering humanity that history yet records. Then the President is asked to choose three persons from nonofficial life to represent by their experiences and vocations and sympathy those interests which we ordinarily describe briefly as labor, industry, and capital. When their conclusions are laid before Congress, then the 531 Members of the House and Senate will give it very close scrutiny before it is enacted into law. Therefore we may have confidence that no half-baked and immature notions will be enacted into law. But when the principles contained in this joint resolution shall have finally found their way to the statute books a new day will have dawned in the history of this American people. Just as the Declaration of Independence was epoch making, not only for America but for the world, so this measure of military duty will make its way into the minds and hearts and upon the law books of the other civilized nations. As America has ever lead in the march toward human justice in government so we confidently hope and reverently pray that she may renew, by the adoption of this principle of war service, her commitment to the everlasting principles of equal rights to all and special privileges to none.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, the original Bursum bill contained a provision that veterans of the Indian wars and of the Ranger Service in the West should have their pensions raised from $20 to $30. As that bill came back to us this morning it did not contain that provision, and had been changed in many other material respects from its text when the House passed the measure. There were fundamental differences. Now when it comes back from conference, if it is in the same fix, a man who might support the conference report might have been against the provisions of the original bill and vice versa. I just mention this to show that a vote for a conference report upon a bill in many instances is not a support of the original measure, because many things may intervene, many new questions may arise. The gentleman from Kansas [Mr. TINCHER] spoke of amending the Esch railroad bill in one vital particular. That reminds me of the vote on the conference report on the Esch bill.

A vote for the conference report was not necessarily in support of the Esch bill. I mention this because in my district in the recent campaign my several opponents went around the district stating that I had supported the Esch bill, because I supported the conference report in final action thereon. Now, let me mention the real facts concerning the matter. That bill came up for passage in the House on November 17, 1919. Four days before that I gave to the press a statement protesting against the provisions of that bill, and here is the statement:

WARNING TO THE PEOPLE—THE ESCH RAILROAD BILL IS PREPOSTEROUS.

WASHINGTON, D. C., *November 14, 1919.*

From the people's standpoint, the proposed Esch railroad bill is ridiculously preposterous. It is but another call upon the people to make additional sacrifices to the molochs of railroad corporations and autocratic labor unions. Half of the bill has been drawn by railroad attorneys, and the remainder has been framed by the big attorneys for railroad employees. The American people have been left out and forgotten. Their rights are ignored. Congress again is asked to sidestep and truckle. The public has in it no guaranty or even promise against continued tie-ups of public business and Government industries.

To pay the railroads the sums asked is outrageous. To continue the $1,300,000,000 increases in salaries granted by the Government to railroad employees during the war, under threats of strikes, means the continuation of present unconscionable freight and passenger tariffs, which precludes passengers from riding trains and producers from shipping farm and ranch products to market.

The proposed Railway Labor Adjustment Board, of thirty-odd members, will prove as inefficacious and impotent and as fully dominated by American Federation of Labor influence as the present Board of Mediation and Conciliation, and promises nothing but additional expense to the people.

Likewise, the proposed railway board of labor appeals, with its nine members drawing $10,000 each per year from the Government, will accomplish nothing but added expense to the people.

Does any sane person imagine that unions will pay any attention to the decisions of these boards when same are mere recommendations with no teeth to enforce decrees?

God only knows what is to become of this Republic unless the people demand of their representatives that their rights be protected. The railroads must be returned to their owners immediately if we keep our Nation out of bankruptcy. The 110,000,000 people must speak and demand proper action by Congress.

THOMAS L. BLANTON,
Representative Seventeenth Texas District.

When the bill came up for passage in the House on November 17, 1919, the vote shows, on page 9181 of the CONGRESSIONAL RECORD, that I voted against the Esch railroad bill, but it passed by the vote of yeas 203, nays 160. Then what intervened? The bill went to the Senate. Then it went to conference. Several months elapsed. During that interim there arose a substitute plan known as the Plumb plan, a pernicious plan of

Government ownership; and as much as I opposed the provisions of the Esch railroad bill, I just that much more opposed the provisions of the proposed Plumb plan, which meant Government ownership at a greater cost to the people, which beyond doubt led to bankruptcy.

If there is any one single lesson that the World War taught the people of America it is that the American people do not want Government ownership of railroads. It would bankrupt this country in a very short time. If it had not been for the fact that we returned those railroads to their owners the country would have been bankrupted. That was the only thing that saved this country from bankruptcy.

When the bill came to conference it was a question with the conferees whether they should stand by the Esch bill or accept the alternative of Government ownership under the pernicious Plumb plan. While the Esch bill would cost the American people millions of dollars, the proposed pernicious Plumb plan would have cost the American people billions of dollars. It was just that much worse than the Esch bill. Of course, a man, when he had just two alternatives, when he had just two roads to go in, one leading down the pathway of the Esch bill, the other down the pathway of the Plumb plan, has to make his choice, and I was one of those who accepted the lesser of the two evils and supported the conference report on the Esch bill in preference to accepting the ruinous Plumb plan.

I was paired on it. My opponents, who contested my seat in Texas, asked the question during the campaign: "Where was BLANTON? He ought to have been here. He was paired." Why, I was fighting that very Plumb plan proposition. I went to the State of Massachusetts and made a speech against this very Plumb plan and had a telegram sent from Massachusetts, signed by 100 leading business men of that State, denouncing the Plumb plan. That is where I was on that day, and because I was paired in favor of that conference report my friends in Texas, after my seat, said that I had deserted the Democrats and had gone over to the Republicans in pairing in favor of the conference report.

Now, let us see if I deserted the Democrats and whether I went over to the Republicans. That vote on that conference report came up on February 21, 1920. Let us see who was voting "yea" with me for the conference report, as against the Plumb plan in the way that I was paired. I find the distinguished leader of the minority, the present leader of the Democratic Party in this House, the gentleman from Tennessee [Mr. GARRETT], voting as I did. I find our late friend, the distinguished gentleman from Virginia [Mr. Saunders], who was the chairman, when he left us, of the Democratic caucus, voting as I did on the proposition. I find our late colleague, whom we all loved, the distinguished gentleman from Virginia [Mr. Flood], who succeeded Mr. Saunders as chairman of the Democratic caucus here in the House of Representatives, voting "yea" for the conference report as I did. I find the present chairman of the Democratic caucus [Mr. RAYBURN] voting "yea" as I did. I find voting as I did such distinguished Democrats as our good friend Governor MONTAGUE and another distinguished gentleman from Virginia [Mr. MOORE] and another distinguished gentleman from Virginia [Mr. WOODS]; and I find voting the same way such distinguished Democrats from North Carolina as Mr. POU and Mr. SMALL, and such other distinguished Democrats as Mr. DAVIS of Tennessee, Mr. BLACK, and the late lamented Lucian Parrish from Texas, our good Democratic friends from Georgia, Mr. CRISP and Mr. UPSHAW, and various others whose Democracy can not be questioned. Yet it was asserted that I had bolted the Democratic Party and gone over to the Republicans.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Ohio.

Mr. COOPER of Ohio. I was very glad to hear the gentleman a few minutes ago express himself against Government ownership of railroads. I would like to ask him this question.

Mr. BLANTON. Certainly. Mr. Chairman, how much time have I?

The CHAIRMAN. The gentleman has three minutes.

Mr. COOPER of Ohio. It is just a short question. Do you think it is good policy to have the Government attempt to fix the wages and working conditions of two million men employed in a private industry?

Mr. BLANTON. It is rather strange on this question for me to find myself in accord with the gentleman from Kansas [Mr. TINCHER], but I am with him on the proposition of establishing a proper industrial court for this Nation, such as they have done in the State of Kansas.

It was asserted that when I voted for the conference report on the Esch bill, which stopped that Plumb plan of Government ownership, that I was voting against the railroad laborers of the land. I understand that my good friend from Ohio [Mr. COOPER], than whom there is not in this House or in this land a finer gentleman or a better or more loyal friend to railroad labor and every other kind of labor—I notice that he, too, would not follow Government ownership, Plumb plan, and I find myself voting with him in favor of that conference report and against Government ownership, which meant nothing in the world but bankruptcy for this Nation.

Mr. COOPER of Ohio. I believe that the gentleman from Texas will realize that there is a vast difference between an industrial law that will cover a State and an industrial law that will cover a nation, making its decisions national in scope.

Mr. BLANTON. Oh, I would not go back to the old strike conditions. The gentleman spoke of the Board of Conciliation and Mediation. Under that kind of a board, which you had in the Department of Labor during the war period, just during the war, from April 6, 1917, to November 11, 1918, you had 6,000 strikes in this Nation.

I am with the President in his statement the other day that in time of war, if we have the right to take your boy and send him to France to fight the enemy where he may lose his life and not come back, so also we have the right to say to every man who remains, "Go and work for the Government in war time. Go work if you will not fight. Fight or work. You have got to do one of those two things." [Applause.]

Mr. TAYLOR of Colorado. I yield eight minutes to the gentleman from Mississippi [Mr. QUIN]. [Applause.]

Mr. QUIN. Mr. Chairman and gentlemen, I have not said anything since the Congress reassembled in extraordinary session. I have been reflecting on the things that have come to pass. The President of the United States came here and said a few kind words for the farmers and the laboring people of the United States. As I sat back there in one of those seats and listened to him I wondered if it was the same President Harding who advocated the iniquitous measure to take the surtaxes off of the rich. I wondered if it was the same President Harding that encouraged and approved the outrageous Fordney tariff law. I wondered if it was the same President Harding who came before this Congress after such a walloping on the 7th of November as the Republicans had not had in years, asking the American Congress to give a subsidy for ships and to exempt from taxation the wealth invested in ships, to take out of the pockets of the American people $150,000,000 and hand it over into the coffers of the shipowners. I wondered if it was the same President Harding who vetoed the soldiers' bonus or adjusted compensation for the ex-service men who went out and offered themselves as a sacrifice for their country in time of peril. I wondered if it was the same President Harding who appointed the Railway Labor Board that handed down decisions against the poor fellows who operate the trains and repair the cars and locomotives and the tracks. I wondered if it was the same President Harding who appointed a well-known railway lawyer from the State of Minnesota to the vacancy on the Supreme Bench of the United States, a man whose mind is so warped after all these many years' service for the combinations of railroads that he can not see anything for the laboring man or the common pepole of the United States. Yet I thank President Harding for his kind words. I thought maybe he would change his mind and put on the Federal Reserve Board a man who stands for the farmer, a real farmer who would not let the finances of the farmers be juggled for the benefit of the great manipulators of wealth in this country against the actual producers of that wealth. Yet in that same message he met himself coming back. He said we must amend the Constitution of the United States so as to prevent the farmers from securing the money to build consolidated schools and to build good roads over which to haul their products to market. He favored the monstrous proposition of taking away from the States of this Republic the right to control their purse strings.

He proposed an amendment to the Constitution to lay the strong arm of taxation upon the bonds that are issued by the States, the municipalities, and counties and subdivisions thereof. Is it possible for good roads to be built in any farming district of the United States without the sale of bonds? Is it possible for them to build consolidated schools and equip them and employ teachers without the issuance of bonds? Is it possible for the small municipalities, or, for that matter, even for the great cities of this Republic, to make the necessary improvements of modern civilization without the issuance of bonds? Every man understands the law of taxation. When-

ever you place a tax upon a bond that is to be issued that tax must be borne by the taxpayers. If that bond now sells on the market for 5 per cent interest, and you allow the taxing power to reach that bond, that same farmer will be bound to pay 8 or 10 per cent interest on the bonds to build his roads and his schools. Every municipality in this Republic will be bound to pay that higher interest rate for its bonds in order to pay for a few municipal and city improvements. Yet that proposition comes after $11,000,000,000 of securities of that kind are already in the vaults of the rich. Those securities could not be touched, because this amendment could not be ex post facto in its effect and reach back to the securities already issued. So the increase in the value of these $11,000,000,000 worth of bonds already issued would amount to $6,000,000,000 in addition. Yet that proposition is brought here in the same breath with the honeyed words for the farmer and the poor laboring people. The gentleman from Texas [Mr. BLANTON] a moment ago seemed to indorse this other man from Kansas, our friend TINCHER, who wants to go out and establish a court to grab the workingmen by the neck and force them to compulsory arbitration or throw them into the hoosegow. It is plain that the administration does not propose to live up to those kind words that we heard fall here, because in the very same message here is this other proposition to cut out from under the farmer his prop and let him do without schools and do without good roads unless in the future he is willing to pay twice as much as he now pays for those wholesome benefits. The President even suggested that freight should be taxed on the good roads, so as not to be a competitor, in fact, with railroads. What did he offer to reduce the transportation charges?

With all that before us we have this same administration marching over to the other end of the Capitol and endeavoring to pass the ship subsidy bill, not by the votes of men who will be in the next House of Representatives and in the next United States Senate after the 4th of March, 1923, but to pass it by votes of gentlemen who were repudiated at the polls by the people who marched up to the ballot box with their majestic tread on the 7th day of November last. [Applause.]

I thank you.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TAYLOR of Colorado. I yield 10 minutes to the gentleman from Kentucky [Mr. KINCHELOE].

Mr. KINCHELOE. Mr. Chairman and gentlemen of the committee, at the bottom of page 31 in this appropriation bill there is a provision to appropriate $500,000 for the investigation of war frauds; and beginning at the bottom of page 37 of this bill is another provision appropriating $850,000 for the pay of attorneys in investigating war frauds. We all remember that at the last session of Congress we appropriated $500,000 for the investigation of war frauds. Here comes the Department of Justice, at the instance of the Attorney General, asking for $500,000 more for investigation and $850,000 more for attorneys. When these amounts shall have been appropriated there will have been appropriated in less than one year over $1,850,000 of the people's money for the use of General Daugherty and the Attorney General's Office in order to prosecute war grafters and to recover the money that they stole during the war. And, yet, when anyone makes any criticism of the present Attorney General or his administration he comes back on the one hand with a pitiful denial, and in addition to that an accusation that everybody who criticizes him is undertaking to protect the war grafters who created the frauds during the war. Why, I remember—and so do you—when those investigating committees were appointed, when you came into power in the Sixty-sixth Congress, when you spent hundreds of thousands of dollars of the people's money in investigating the activities of the war under the Democratic administration; and when those investigating committees finally reported the majority members said there was plenty of evidence to send men to the penitentiary, that there was plenty of evidence that millions of dollars had been grafted, but that the then Attorney General, Mr. Palmer, would not investigate and would not prosecute these war grafters, but just to wait until the administration of President Harding and his great Attorney General, Mr. Daugherty, came into power, and they would send all the grafters to the penitentiary and sue them for the millions of money that they had grafted.

You have been in power over two years, and your Attorney General never would have come to Congress last session and asked for a $500,000 appropriation had it not been that the gentleman from Michigan [Mr. WOODRUFF] and the gentleman from South Dakota [Mr. JOHNSON], two Republicans, gave notice on the floor that if he did not prosecute these war grafters and sue these people he would be impeached, and that alone brought him to Congress asking for $500,000 of the people's money. Now here he is asking for $500,000 more for investigation and $850,000 more for attorneys to give more faithful Republicans and lawyers jobs.

Mr. HUSTED. Oh, the gentleman is in error about that; that is not so. There is absolutely no increase for the attorneys.

Mr. KINCHELOE. What is this proposition on page 37?

For assistants to the Attorney General and to the United States district attorneys employed by the Attorney General to aid in special cases—

And so forth—

Eight hundred and fifty thousand dollars.

What is he going to do with that? You already have 30 Assistant Attorneys General on the pay roll under the $500,000 last year. You have 9 attorneys drawing $10,000 a year.

Mr. HUSTED. These men are used in other cases.

Mr. KINCHELOE. I will refer the gentleman to page 128 of the hearings, where it says that 9 attorneys are drawing $10,000 each, 1 attorney at $7,500, 2 attorneys $7,200 each, 1 attorney $7,000, 2 attorneys at $6,000, 3 attorneys at $5,000 each, 4 attorneys at $4,000 each, 1 attorney at $3,500, 1 attorney at $3,250, 5 attorneys at $3,000 each, and 1 attorney at $2,500; a total of $186,150. You are paying that amount for special attorneys out of the $500,000 appropriation passed last session of Congress.

Mr. HUSTED. I think the gentleman is laboring under an error.

Mr. KINCHELOE. I know I am not.

Now, Mr. Chairman, as I was saying, the Attorney General would not have come to Congress asking for a dollar if he had not been threatened with impeachment. The representatives of the Department of Justice appeared before the Appropriations Committee May 14, 1921, two months after Daugherty went into power and advised that the investigation of the cantonments was still going on with only 30 men engaged in the work. It says: "They figure that it is now drawing to a close." That was two months after Daugherty had gone in. His representatives came before the Appropriations Committee and said that the investigation of the cantonments was drawing to a close. Of course, the Attorney General was fixing to quit. I do not say this because the Attorney General is a Republican. I say it because there are grafters in the country that made millions during the war when our boys were baring their breasts to the bayonets, and they were robbing this Government, and I do not care whether the grafter was a Republican or a Democrat he ought to be punished to the fullest extent of the law. [Applause.] But you know as well as I do that the Attorney General is not doing it, but he is expending $500,000 of the people's money and he has put but one man in the penitentiary, and collected practically nothing, if anything, from any war grafter.

They make the complaint that Palmer did not do it. I bear no brief for Palmer, but I am going to show what he did do, and he did more than his duty. Up to May 10, 1919, he, with the intelligence division of the War Department, investigated 10,058 cases. Five hundred and seven were arrested and 196 were convicted, and up to June 16, 1919, he collected $600,000 from war grafters. According to the Attorney General's report in 1920, 6,032 cases were investigated. There were 435 convictions in that year. In 1921, with eight months of Palmer and four months of Daugherty, there were 146 men convicted and $63,548 recovered.

Under Palmer, since the war and until he went out, there were 777 men convicted. Now, how many under the two years of Daugherty? As I say, if you criticize him you are either a liar or in collusion with the war grafters. That is what Daugherty says in his feeble answer to the charge of impeachment. Crime is running rampant all over the country now and he does not enforce the law.

The point I am making, the pathetic thing about it, is that the man at the head of this great Department of Justice of the United States of America, having under his control United States district attorneys, having 30 special assistant attorneys drawing $186,150 a year salaries, asks for $1,800,000 of the hard cash out of the Treasury in order to help him investigate, and he has sat around for two long years and has not recovered a dollar from the war grafters and has put only one man in the penitentiary.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. HUSTED. Mr. Chairman, I yield five minutes to the gentleman from West Virginia [Mr. GOODYKOONTZ].

Mr. GOODYKOONTZ. Mr. Chairman, the joint resolution which I have introduced providing that arrangement shall be made for a bugler to sound taps in the American military cemeteries in France reads thus:

Joint resolution authorizing and directing the Secretary of War to detail buglers to American military cemeteries in France in which are buried American soldiers who died in the service during the late war with Germany.

Whereas during the late war with Germany many thousands of American soldiers lost their lives in defense of their country; and

Whereas thousands of these soldiers are buried in what are known as American cemeteries in France; and

Whereas the memory and service of these fallen heroes for the Government of the United States should for all time be perpetuated: Therefore be it

Resolved, etc., That the Secretary of War be, and he is hereby, authorized and directed to detail from the musicians in the Regular Army of the United States, through military channels, such buglers as may be required to perform the duties usually performed by such musicians at Regular Army posts, to serve at each American military cemetery in France. It shall be the duty of such buglers so detailed at evening of each day in the year to sound the call of taps over the graves of American soldiers in the cemeteries aforesaid. The said buglers shall receive pay for foreign service.

In the press recently it was stated that an American firm had constructed a candle 6 feet in circumference at the base, and of a considerable height which, it was intended, would be placed in a certain church in Italy in order to perpetuate the memory of Enrico Caruso. It was purposed that the candle should be lighted and burned on All Souls Day for 24 hours in each year, and it was estimated that so burned the candle would last for 1,800 years.

Caruso possessed the greatest tenor voice known to history, and therefore the reason for keeping his memory alive, as also in addition the religious significance of the ceremonial act.

In a few American military cemeteries in France lie sleeping 60,000—a mighty host—of our illustrious dead. Far from home and native land, these gallant soldiers who laid down their lives for their country await the resurrection morning. They are widely separated from friends and relatives. Only a few of the latter—and these at great intervals of time—will ever be privileged to visit their resting place.

It has seemed to me fitting that our Government, acting through the Department of War, at evening of every day that is to follow, in each of the great military cemeteries where these soldiers lie buried, should provide a bugler, whose duty it would be to sound "Taps."

In the joy of spring when the vernal breezes are blowing over their graves, in the gladness of summer when they are carpeted in living green, in the sadness of autumn when the turf upon them is dying, and in the gloom of winter when they are mantled with the deep snow, let the clear, beautiful, and hopeful notes of the bugle at evening be sent out over the great dead, just to relieve their loneliness and to remind them that they are not forgotten.

An author has said that there are few musical compositions held in deeper reverence than the bugle call known as the sounding of taps, when the day's work is done. The words written for the music are full of tenderness and sweetness. Allow me to repeat them:

Blow, bugles, blow—soft, and sweet and low,
Blow a "lights out" call for those who bravely faced the foe;
Taps will tell of truce to pain,
When they sleep nor wake again,
'Neath the sunshine or the rain,
Blow softly, bugles blow!

[Applause.]

Mr. HICKS. Will the gentleman yield?

Mr. GOODYKOONTZ. Yes.

Mr. HICKS. Did I understand the gentleman to say that there were 100,000 dead remaining in France? I think he must be mistaken, as a vast number have been brought back.

Mr. GOODYKOONTZ. There were 125,000 or 130,000 deaths; how many have been brought back I do not know.

Mr. CONNALLY of Texas. There are only about 60,000 dead left over there now.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. Mr. Chairman, I have no desire to enter into the discussion of the merits or demerits of the proposed constitutional amendment on this question of exemption from taxation. It is a question that is being agitated a great deal, and I think it is a good thing always to have the real proposal considered by the public and not some imaginary proposal. Those who are insisting upon cutting out what they claim is an abuse of tax exemption, both by the States, municipalities, and by the Federal Government, at the time center their drive and use as their chief illustration two issues—one of United States bonds and the other of bonds of the Federal land bank system. Now, the press has carried to the country an intimation that this administration, through the President, has recommended, and that the Ways and Means Committee of the House has reported, a resolution that will cure the evils of which complaint is made, will give the relief desired and which these advocates want. I say I shall not discuss the merits of the amendment but point out what the proposed amendment does, whether it be wise or unwise. I have before me House Joint Resolution 314, introduced by the gentleman from Iowa [Mr. GREEN], and it reads:

SECTION 1. The United States shall have power to lay and collect taxes on income derived from securities issued, after the ratification of this article, by or under the authority of any State, but without discrimination against income derived from such securities and in favor of income derived from securities issued, after the ratification of this article, by or under the authority of the United States or any other State.

SEC. 2. Each State shall have power to lay and collect taxes on income derived by its residents from securities issued, after the ratification of this article, by or under the authority of the United States; but without discrimination against income derived from such securities and in favor of income derived from securities issued, after the ratification of this article, by or under the authority of such State.

Gentlemen, even if the amendment be ratified by the requisite number of States, and I doubt it will be, it will not touch the alleged evil of which a great many of those advocating it are now complaining. The thing that these people are complaining of, if it is an evil as they allege—understand, I am not discussing the merits—does not require any constitutional amendment to remedy it.

For illustration: The issuance of securities by the United States Government now can be regulated by Congress, and in some instances the income is made subject to taxation. This Congress, if it thinks it wise and wants to do it, can take away from bonds issued at the time it provides for the issue an exemption from taxation. It can do that. Congress at the time it authorized the issuance of joint-stock land bank bonds and Federal land bank bonds could, if it wished, have made them subject to taxation. The thing that the gentleman from South Carolina [Mr. STEVENSON] complained of—and that is the reason I take the floor—is that, as he was saying, you did not propose to correct the evil that is complained of, but all on earth that you propose to do, as intimated by the President's message, is to do that which I do not believe you can get a majority of the Republican side of the House to vote for when they understand it, and even if you submitted it you could not get a dozen States of the Union to ratify it, and that is to give to the Congress of the United States the power to tax out of existence the States, cities, and school districts of this Nation. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

The gentleman from New York [Mr. KLINE] a few minutes ago asked unanimous consent to revise the RECORD of to-day's proceedings by eliminating his name from a certain document read into the RECORD. No point of order was made when the Chair put the unanimous-consent request, which was granted. The Chair would suggest to the gentleman from New York that these proceedings are a part of the proceedings of the House, and that the House alone has control over its RECORDS and Journals, and if it is to be effective it will have to be repeated when the House is in session. It is likely, and more than likely, that the consent of this committee would not be sufficient.

Mr. HUSTED. Mr. Chairman, I suggest that we read the bill.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE I—DEPARTMENT OF STATE.

OFFICE OF SECRETARY OF STATE.

Salaries: For Secretary of State, $12,000; Undersecretary of State, to be appointed by the President, by and with the advice and consent of the Senate, $7,500; Assistant Secretary, $5,000; Second and Third Assistant Secretaries, at $4,500 each; Director of the Consular Service, $4,500; officers to aid in important drafting work—8 at $4,500 each, 5 at $4,000 each, 15 at $3,500 each, 15 at $3,000 each, 17 at $2,500 each, to be appointed by the Secretary, any one of whom may be employed as chief or assistant chief of division or as chief of bureau, or upon other work in connection with the foreign relations; assistant solicitors of the department, to be appointed by the Secretary—1 $4,500 (who shall also represent the interests of the United States in all matters or investigations before the International Joint Commission created by the treaty of January 11, 1909, between the United States and Great Britain), 5 at $3,000 each, 2 at $2,500 each; chief clerk, who shall sign such official papers and documents as the Secretary may direct, $3,000; law clerks—1 $2,500, 2 at $2,250 each, 3 at $2,000 each; law clerk and assistant, to be selected by the Secretary to edit the laws of Congress and perform such other duties as may be required of them, at $2,500 and $1,500, respectively; 2 translators, at $2,100 each; private secretary to the Secretary, $2,500; private secretary to the Undersecretary, $2,000; clerk to the Secretary, $1,800; clerks—27 of class 4, 30 of class 3, 40 of class 2, 63 of class 1 (3 of whom shall be telegraph operators), 40 at $1,000 each, 10 at $900 each; lithographer, $1,400; chief messenger, $1,000; 8 messengers at $840 each; 27 assistant messengers at $720 each, 4 messenger boys at $420 each; packer, $720; 7 laborers at $660 each; 4 telephone switchboard operators at $720 each; chauffeur, $1,080; in all, $605,740.

Mr. BLANTON. Mr. Chairman, I reserve a point of order on all of the paragraph, and I now make a point of order on that portion of the paragraph beginning on line 3 of page 2 and ending on line 5 which provides for an Undersecretary of State, to be appointed by the President, carrying a salary of $7,500

a year. I make the point of order that that is legislation on an appropriation bill that is unauthorized by law.

The CHAIRMAN. The gentleman from Texas reserves a point of order on the matter indicated.

Mr. HUSTED. Does the gentleman make the point of order?

Mr. BLANTON. I make it as to the Undersecretary—the salary.

Mr. HUSTED. The paragraph is unauthorized by law, but I think it is a great mistake to make the point of order.

Mr. BLANTON. Does not the gentleman think that the time has come when we must cease creating new offices, and rather than do that, is it not better that we take out some of those whom we have here who are surplus? I think the position referred to is surplus.

Mr. HUSTED. I think the salaries provided in the bill are reasonable. You will find that the estimates of the Secretary of State are the closest of any of the departments. That is the opinion of General Lord. They have been cut down. I do not think they have asked for anything unreasonable.

Mr. BLANTON. I want to call attention to the fact that we are giving the Secretary of State an Assistant Secretary at $5,000, and a Second and Third Assistant Secretary at $4,500 each, and then we are proposing to create this new Undersecretary.

Mr. HUSTED. That was carried in the bill last year.

Mr. BLANTON. I know; but it was a provision which I objected to at that time, and others objected to it. But it was brought in under a rule, if I remember correctly.

Mr. HUSTED. No; it was carried in the bill, and the gentleman from Texas made no objection to it.

Mr. BLANTON. Yes, I did, and——

Mr. HUSTED. If the gentleman did, he withdrew it.

Mr. BLANTON. I think it ought to be stopped, Mr. Chairman, and I insist on the point of order.

The CHAIRMAN. The gentleman from Texas insists on his point of order as to the Undersecretary of State, and the point of order is sustained.

Mr. BLANTON. Further, Mr. Chairman, I wanted to ask the gentleman from New York, under the reservation of the point of order, how many new positions are there among the solicitors of this department provided for in this bill? I direct the attention of the Chairman to lines 14 and 15. How many new assistant solicitors are allowed under this bill that are not authorized by law?

Mr. HUSTED. None.

Mr. BLANTON. None?

Mr. HUSTED. No.

Mr. BLANTON. All of these are allowed by law?

Mr. HUSTED. Yes.

Mr. BLANTON. I withdraw the reservation, Mr. Chairman.

Mr. WINGO. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed out of order, to conclude what I was discussing a moment ago.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent to proceed out of order. Is there objection?

There was no objection.

Mr. WINGO. Now, Mr. Chairman, I wish to continue the discussion I was making on House Joint Resolution 314, on the question of exemption from taxation. I repeat I am not discussing the merits of the complaint against tax-exempt bonds, but I said this resolution will not meet the demands of the people who are back of this clamor to stop the issuance of tax-exempt securities.

Congress now has the power, if it deems it wise, to-day to provide taxation of these securities in every manner they wish except one. What is that? The issuance by the States themselves of their securities and exempting them from taxation. I repeat the statement I made awhile ago: Whether it be wise or unwise, I venture the assertion that when you face the bald proposition that you will amend the Constitution of the United States so that Congress can tax the bonds issued by the sovereign State of Illinois or the sovereign State of New York—that is, the income from these bonds—or that the Congress of the United States can tax the income on bonds issued for the erection of a schoolhouse in Iowa by a school district, those bonds to be retired by taxes levied by the people themselves on their own property in their districts; I say when you face that proposition I do not believe you will get a dozen thoughtful, level-headed Republicans, much less Democrats, to invade the local rights to that extent. And if you did do it, gentlemen, do you think you are going to get the requisite number of States to permit the Congress of the United States, the tax-levying agency of the Federal Government, to have unlimited exercise of the taxing power, which, as has been well said time and time again, is the power to destroy? I say, do you believe you are going to get the legislatures of the requisite number of States to make that step in surrendering the rights of States and municipalities to a centrally organized power at the seat of the Federal Government?

Now, my object in calling attention to that is this: If it be wise to stop the issuance of so many tax-exempt securities, do not meet that demand with an evasive proposition like this. If this administration and this Congress think it is wise to stop the issuance of tax-free securities, then the example for us to set, when we authorize the Secretary of the Treasury to issue United States bonds, is to say that we will make the income from them subject to taxation. But, gentlemen, you are not going to do that. So why try to deceive anybody? Why try to deceive these people who are advocating this? You have not advocated that. Of course, the advocacy of it by some people indicates that they are either totally ignorant of the philosophy of our dual system of Government, or else that they have a perfect contempt for our institutions and wish to overthrow them and set up instead a Government totally different from that which was founded by the fathers. If you want to start correcting this alleged evil, why did this Congress during its life in some instances grant tax exemption to private corporations when engaged in foreign business? If you are sincere in saying to the country through your President and through your support of this that you are going to stop this great evil, why did you the other day, when you passed the ship subsidy bill, grant as one of the special privileges of that bill exemption from taxation to the shipowners? [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I ask for two minutes more.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent that his time be extended two minutes. Is there objection?

There was no objection.

Mr. WINGO. That is the trouble with the country at this hour and that is the trouble with its viewpoint of Congress. You may give different reasons for the conduct of the electorate in the last two elections, apparently contradictory. I will tell you the one thing that is deeply rooted in the minds of the electorate of this country is the fear that we are planning in this body for the success of one side or the other in this House, that we are not thinking about the philosophy of government but thinking about the expediency of political campaign issues, and what is going to get votes and what is not. So I insist that the Ways and Means Committee, a committee that has borne a reputation for considering public matters carefully and sincerely, shall bring in a bill which will repeal some of the Federal exemptions you have already granted and authorized for the future, if you are going to try to stop the issuance of tax-free securities, instead of coming in here saying that you are going to meet that difficulty by giving Congress the power to levy a tax upon States and municipalities and school districts that, as the President said, are improvident. I am sorry he said it. I am sorry he said that he thought the Federal Government could thereby check what he believes to be improvident expenditure by the States and municipalities. Have not Congress and the Federal Government all they can do in handling the problems of the Federal Government without attempting to be a supergovernment and to tell the States and municipalities and counties and school districts when and how they shall raise their revenues to be spent for their own local improvements? I am sorry the President of the United States ever gave such a reason for this kind of legislation in his utterances here the other day. If it is right, let us right it along the lines along which the greatest abuses are complained of and of which the Federal Government already has power. If municipalities overissue securities, the fault lies with the people in the community that is going to be taxed, and my observation has been that the taxpayers of every municipality, county, and State are pretty jealous of the proposition of issuing bonds; and I believe the reaction has started the other way.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HUSTED. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from New York offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HUSTED: Page 2, line 3, after the amount, "$12,000," insert: "Counselor for the Department, to be appointed by the President, by and with the advice and consent of the Senate, $7,500."

Mr. BLANTON. Mr. Chairman, I make a point of order that the amendment is legislation on an appropriation bill that is unauthorized by law. I will state to the Chair that all of these positions in paragraph 1 are statutory positions. They

are positions which have been created by substantive law; and to attempt to place in this paragraph any position that is not authorized in the statute is in effect substantive legislation. The chairman will not deny that. He knows that to be the fact.

Mr. HUSTED. The gentleman is incorrect, simply because he is not advised as to the facts. The point of order which the gentleman made at an earlier stage of the proceedings was good as against the change of title from counselor to Undersecretary. The State Department for some reason preferred to have the office called Undersecretary of State instead of having it called counselor for the department, as being a little more in conformity with diplomatic usage. But the legislative act of March 4, 1915, has this provision:

SEC. 6. The officers and employees of the United States whose salaries are herein appropriated are hereby established and shall continue from year to year to the extent they shall be appropriated for by Congress.

And then in the Department of State appropriation bill is the provision for the counselor for the department, to be appointed by the President, by and with the advice and consent of the Senate, $7,500.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. HUSTED. Yes.

Mr. BYRNS of Tennessee. I happened to be on the conference committee at the time the title was changed from counselor to Undersecretary of State. It was done by a Senate amendment and agreed to by the House, and my impression was that that change was made permanent law. Has the gentleman looked that up on the appropriation bill?

Mr. HUSTED. Yes.

Mr. BYRNS of Tennessee. I was under the impression that it was permanent law.

Mr. HUSTED. The title was not made permanent law.

Mr. BLANTON. The point I was trying to get the gentleman to see was this: That one of the solicitors provided for in this paragraph takes the place of this counselor. In other words, you have a man filling the position of counselor under this bill.

Mr. HUSTED. No; the gentleman is quite mistaken. The office of Undersecretary of State is exactly the same office formerly held by the counselor for the State Department, and the counselor for the State Department was really the first man under the Secretary of State.

Mr. BLANTON. Does the gentleman hold that if this bill contains this appropriation for this Undersecretary, it does not contain more offices than are provided for by the act of 1915?

Mr. HUSTED. No more; no.

Mr. BLANTON. Mr. Chairman, I admit that there is law for this position.

Mr. CONNALLY of Texas. Mr. Chairman, there is statute law for the position of counselor for the State Department. When the war came on counselors got to hobnobbing with European diplomats, and because the European functionaries who performed duties similar to those of counselor under our system were called Undersecretaries of State they came around to the committees of Congress and insisted on the importance of the title being changed from counselor to Undersecretary of State. I made a point of order against the change in the title, but when the bill got over to the Senate the provision always went back in as "Undersecretary." But the duties of Undersecretary of State and that of the counselor are supposed to be identical. The Undersecretary has a little more entrée to the afternoon teas, and he has another ribbon on his shirt front after dinner when he goes to the reception, and in view of the importance of such things it has been futile to oppose the change of title. The duties are exactly the same, except that the Undersecretary is announced in a little louder tone of voice by the taxi callers when they call the carriages after the reception. [Laughter.]

The CHAIRMAN. Does the gentleman from Texas withdraw his point of order?

Mr. BLANTON. I do.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

For temporary employees in the Department of State, $260,000: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding $2,500 per annum and not more than eight persons shall be employed hereunder at a rate of compensation exceeding $1,800 per annum.

Mr. GARNER. Mr. Chairman, I move to strike out the last word in order to ask the gentleman from New York a question. Are these lump-sum appropriations going to be continued with reference to the State Department?

Mr. HUSTED. I think they are very likely to be continued for some time.

Mr. GARNER. Why does not the Appropriations Committee take up the matter and appropriate as they do in other parts of the bill? It looks to me as if you could classify these clerks, give them the salary that the Appropriations Committee deems they ought to have, but instead of that you give them a lump sum and then limit them in the amount of the salary.

Mr. HUSTED. The object of retaining it in the present form is this: We hope to be able to get it down a little further before we make a general classification. We think it is a little better for Congress to know how many of these clerks are in the so-called temporary employment and how much they are paid.

Mr. GARNER. I call attention to it because there are so many lump-sum appropriations, and we hear the statement made in reference to every bill that the committee hopes to do away with it at the next session of Congress. It seems to me that the committee ought to attempt to figure out the number necessary and make the appropriations.

Mr. HUSTED. We have reduced them this year.

Mr. TILSON. Will the gentleman yield?

Mr. HUSTED. Yes.

Mr. TILSON. It does not appear that there is any reduction in the bill. Two hundred and sixty thousand dollars—is not that the sum we appropriated last year?

Mr. HUSTED. There is a reduction in the total number of temporary employees, but perhaps not in this particular item.

Mr. GARNER. Wherever the salaries are the largest we make no reduction; if you have small salaries, then we make a reduction.

Mr. HUSTED. In this item we provide that not more than eight persons shall be paid in excess of $1,800, and none shall be paid at a rate of compensation greater than $2,500. So you can not pay any big salaries out of that appropriation.

Mr. SEARS. Will the gentleman yield?

Mr. HUSTED. Yes.

Mr. SEARS. If I understand the gentleman, he stated that the appropriations might be made in this way among the employees—confessing my ignorance, may I ask the chairman of the subcommittee how many clerks are employed?

Mr. HUSTED. There are 5 clerks employed at a salary of $2,000, 187 at a salary ranging from $900 to $1,800, and 216 at a salary of $300 to $400.

Mr. SEARS. That statement is in the hearings and not in the bill. Members would have to go to the hearings to settle that.

Mr. HUSTED. As a matter of fact, the lump sum was imposed by the Appropriations Committee. They wanted it kept that way because they thought they could watch it better and be more apt to get some reduction.

Mr. GARNER. That is one more mistake that Congress made, probably.

Mr. HUSTED. It may be so.

The Clerk read as follows:

PASSPORT BUREAUS.

For salaries and expenses of maintenance, including rent outside the District of Columbia, of passport bureaus at New York City, N. Y.; San Francisco, Calif.; Chicago, Ill.; Seattle, Wash.; and New Orleans, La., $54,250.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the last word. Did the committee examine into the necessity for maintaining this bureau at Chicago, or did they have any hearings on that or go into it in any way? As I recall, that was added in the Senate.

Mr. HUSTED. We carried it here.

Mr. CONNALLY of Texas. What is the necessity for maintaining it? Is travel so heavy to Canada that it is necessary to keep a passport bureau there?

Mr. HUSTED. I remember last year when the department officials came before us they did not so strongly advocate the maintenance of separate passport bureaus, but now they say it would be a great mistake to abolish them, that it would cost the Government more money, and that they are needed for the convenience of the public. They say that it makes for actual reduction in expense.

Mr. CONNALLY of Texas. Because they do it?

Mr. HUSTED. Because it is good administration.

Mr. CONNALLY of Texas. I was anxious to know whether or not conditions had changed so as to make it possible to do away with these bureaus. It seems to me they are very expensive.

Mr. HUSTED. They are not expensive. The total amount of the appropriation is $54,450.

Mr. CONNALLY of Texas. I suppose it reduces the work here on the local bureau.

Mr. HUSTED. Yes.

Mr. MOORE of Virginia. When were these passport bureaus first established?

Mr. HUSTED. Either two or three years ago.

Mr. MOORE of Virginia. I suppose it was when the practice of issuing passports became general?

Mr. HUSTED. Yes.

Mr. MOORE of Virginia. So far as the gentleman knows, has the matter of curtailing that practice been given any consideration?

Mr. HUSTED. It has been given consideration, and I think that the Government hopes that the time will come in the not distant future when the practice may be given up. Apparently it can not be given up very well at the present time, and as a matter of fact the visé business is very profitable to the Government.

Mr. MOORE of Virginia. I understand that. My reason for asking the question is that there has been a very interesting discussion of the matter before a committee of which I happen to be a member. I had thought that very soon perhaps we might get rid of maintaining these bureaus by doing away with the work which they perform.

Mr. HUSTED. I think the Secretary of State told the subcommittee that was his personal view, but that it is impracticable to accomplish it at the present time.

The Clerk read as follows:

DIPLOMATIC SERVICE.

AMBASSADORS AND MINISTERS.

Ambassadors extraordinary and plenipotentiary to Argentina, Belgium, Brazil, Chile, France, Germany, Great Britain, Italy, Japan, Mexico, Peru, Spain, and Turkey, at $17,500 each, $227,500.

Mr. CONNALLY of Texas. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. CONNALLY of Texas: Page 4, line 20, strike out the word "Mexico."

Mr. CONNALLY of Texas. Mr. Chairman, I offer this amendment in order to effect a very substantial saving in this appropriation bill. Of course, this money will never be utilized if it is appropriated. It may be used to pay the ambassador, but it will never be utilized to avail the Government of the services of an ambassador to the Republic of Mexico. I very much regretted that I happened to be for the moment out of the Chamber when the gentleman from Ohio [Mr. FESS] this afternoon, according to my information, explained the triumphs of American diplomacy in Mexico, Asia, and in Europe. I think it due to the gentleman to say that I was not absent in anticipation of his speaking, because I did not know that he was going to speak. I would have been delighted to hear him, as I always am. If the chairman of the committee has any information with reference to how soon this money will be utilized, I should be very glad to have him advise me.

Mr. HUSTED. It is entirely possible, of course, that it will not be utilized during the next fiscal year, but I think everyone hopes that it will be. Everyone hopes that the relations will be adjusted to such a basis as will permit us to appoint an ambassador. I think it would be unwise to strike it out, because if such a situation does arise it would be desirable to act at once, and it costs the Government no money to leave it in there.

Mr. CONNALLY of Texas. Let me say in this connection that the Department of State two or three weeks ago handed out a rather elaborate statement to the newspapers in explanation of an incident that occurred in the Mexican Congress a short time ago. It seems that the American chargé in Mexico City, Mr. Summerlin, had been carrying on conversations with the minister of foreign affairs rather informally in such a way as to arouse resentment on the part of Mexican officials, and an incident occurred in the Mexican Congress expressing that resentment, and intimating that this Government, through its diplomatic officers, had been unduly concerned in the particular verbiage, the particular form, of a proposed act of the Mexican Congress relating to the subject of petroleum in Mexico.

The Department of State handed out a statement, and I shall ask permission to include it within my remarks, in which the department explained that it had not been unduly concerned, and yet admitted that it had been given to understand that its views with respect to the particular form of legislation which would be acceptable to this Government would not be unwelcome, and significantly added that the Mexican authorities wanted recognition. The inference was entirely plain that this Government would influence the action of Mexico by dangling before Mexico the alluring prospect of recognition if the Mexican Congress would enact specifically the kind of legislation referred to concerning oil concessions in the Republic of Mexico which would be satisfactory to the Department of State. I might suggest in this connection, and I understand the gentleman from Ohio [Mr. FESS] adverted to it in a general way, that the constitution of Mexico of 1917, in article 27, against which all of this assault has been made, refers in general terms to property of that character. It does not in terms appear to apply retroactively, but through an abundance of caution the Department of State and those oil concerns interested have feared that it would be construed retroactively. The President of Mexico, under his own hand, has given assurance that the Government of Mexico never intended it should be construed retroactively.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CONNALLY of Texas. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CONNALLY of Texas. But through the State Department the United States Government says, "But that is not in the form of a treaty," and this Government laid down the proposition that if that construction was to obtain this Government desired that that kind of a covenant should be placed in a treaty between the United States and Mexico. Of course, Mexico declined, not because of any lack of good faith but because it would create a political situation in the Republic of Mexico that would imperil the prestige and standing of the present administration. It is always a powerful irritant in Mexico to raise the issue of anti-Americanism, just as it was raised in the Congress over the incident which I mentioned a little while ago. Of course, President Obregon refused to execute a treaty, because at the least excuse a revolution breaks out in Mexico with almost as much frequency as insurgency does on the Republican side of this Chamber. The Supreme Court of Mexico, having similar functions to those of our own Supreme Court, has decided time and again in cases involving the construction of article 27 properly brought before it that article 27 of the constitution is not retroactive, and in no way endangers concessions of American citizens or other nationals in property granted before the adoption of the constitution of 1917. But after all of that the administration still withholds recognition; and that is the only question upon which this Government predicates its refusal to recognize the Republic of Mexico. That there is now in Mexico an existing Government that is capable of maintaining a fair degree of order and law and respect for property goes without question.

And yet, because the Republic of Mexico will not come up and take the formula, because it does not relish the prescription written by the Department of State here in Washington, recognition is withheld. Now, we have in our city a conference of the Central American powers. The Secretary of State invited them here for the purpose of cultivating good feeling among the Central American and South American Republics. The conduct of this Government toward the Government of Mexico will nullify anything that possibly could be gained in that respect. Mexico is the largest country of that particular group. It is not here, it is not represented around the council table, and you should not forget that each one of those countries has been well aware of that situation. Mexico is not recognized, and I do not believe it will be recognized irrespective of the kind of government in power, until it takes the formula to be prescribed by the Secretary of State, and that is to give an iron-clad assurance about the oil concessions in the Republic of Mexico.

Mr. MADDEN. Will the gentleman yield?

Mr. CONNALLY of Texas. I will be very glad to yield.

Mr. MADDEN. The gentleman would not want the Government of the United States to recognize the Government of Mexico until Mexico is willing to protect American rights in Mexico?

Mr. CONNALLY of Texas. Certainly not. If the gentleman had been paying as close attention to this as he does to the appropriation bills usually—and I commend him highly in that regard—he would have known from what I have already said that the President of Mexico has given solemn assurances over his signature that those rights would be respected and that the Supreme Court of Mexico not once or twice or thrice, not four times, but more than five times has decided that those rights are safe and that there is no danger whatever of confiscation under the constitution of 1917, provided the rights asserted were acquired before the adoption of that instrument.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. HUSTED. Mr. Chairman, I assumed that the gentleman would ask unanimous consent to withdraw his amendment because apparently the effect would be exactly what he does not desire.

Mr. CONNALLY of Texas. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

The Clerk read as follows:

Agent and consul general at Tangier, $7,500: *Provided*, That no salary herein appropriated shall be paid to any official receiving any other salary from the United States Government.

Mr. SUMNERS of Texas. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee in regard to this proviso. This proviso appears to be to the effect that no salary herein appropriated shall be paid to any official receiving any other salary from the United States Government. Do any of these officers receive any salary from any other Government as representatives of business concerns engaged in business in the countries to which they are accredited?

Mr. HUSTED. I am sure they do not.

Mr. SUMNERS of Texas. It was considered that the provision was sufficient to limit their activities exclusively to the services of the Government?

Mr. HUSTED. I am quite sure of that.

The Clerk read as follows:

CHARGÉS D'AFFAIRES AD INTERIM.

For salaries for chargés d'affaires ad interim, $50,000.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the section. Let me ask the chairman this: This item of $50,000 is for the purpose of paying secretaries and others who temporarily act as chargés d'affaires. Is that right?

Mr. HUSTED. Quite right.

Mr. CONNALLY of Texas. Why can not they perform such duties without extra compensation? It is a part of their duties to act in the absence of the ambassador. Why is it necessary, because the ambassador may be absent, that they should have their salaries increased?

Mr. HUSTED. That has been the practice for many years. They are acting on the basis of ambassadorial or ministerial salaries for the time during which they perform that service.

Mr. CONNALLY of Texas. The secretaries generally perform the duties of the ambassador when he is there as well as when he is absent, and I really do not think it is the part of economy to pay them an increase in salary——

Mr. HUSTED. The law authorizes it.

Mr. CONNALLY of Texas. Do I understand the gentleman to say these secretaries receive the same rate of pay when the ambassador is absent as the ambassador receives when he is present?

Mr. HUSTED. Fifty per cent of what the ambassador or minister would receive if present.

Mr. CONNALLY of Texas. In addition to his pay as secretary?

Mr. HUSTED. No; I think not.

Mr. CONNALLY of Texas. I would rather know.

Mr. HUSTED. The law is, "for such time as any secretary of embassy or legation shall be lawfully authorized to act as chargé d'affaires ad interim, at the post to which he shall have been appointed or assigned, he shall be entitled to receive, in addition to his salary as secretary to embassy or legation, compensation equal to the difference between such salary and 50 per cent of the salary provided by law for the ambassador or minister at such post."

So you see he could not receive more than 50 per cent of the salary paid to the ambassador or minister, and the difference between the salary of the secretary and the salary of the minister or ambassador is not so great that 50 per cent would be a very considerable sum. It would not be a very large amount of money. You see it is only $50,000 for the entire service throughout the world.

Mr. CONNALLY of Texas. Of course, that is the only item carried here. I offer the amendment; I do not care to argue it because it is useless. Here is a chance to make a real 100 per cent saving if anybody wants to do so. Now, if there is anybody on the Republican side, or the chairman over there, who really wants to make a saving and not increase anybody's duties, but only to increase the prestige temporarily of an official like this while his chief is away, here is a way and here is the time to save $50,000.

Mr. HUSTED. There is another argument that enters into that. Of course, when these men are acting as ambassadors or as ministers they are under greater expense than they are when they are merely acting as secretaries, and I think this allowance is only to provide for that additional expense. Of course, they will have to do things, socially and otherwise, that they would not be called upon to do if they were not in charge. If you strike that out, you would be doing a very great injury to the service. These men are appointed with the idea that they will receive this compensation in the event they are designated to act.

Mr. DEMPSEY. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from New York moves to strike out the last word.

Mr. DEMPSEY. I do so in order to ask the gentleman a question. They are appointed, are they not, under the statute that you referred to?

Mr. HUSTED. Yes.

Mr. DEMPSEY. And would it not be the breaking of a contract and would it not be bad faith to deny them what they are entitled to by statute when they are appointed?

Mr. HUSTED. It would provide less compensation for them than they are justly entitled to receive.

Mr. DEMPSEY. They are entitled to it by statute, by the contract under which they are appointed, and you could not strike it out and still conform to the law. You would be legislating by striking it out?

Mr. HUSTED. Absolutely.

Mr. DEMPSEY. You are appropriating now strictly in accordance with the statute?

Mr. HUSTED. Yes. I think it would be an unwise thing to strike it out.

Mr. DEMPSEY. And if you struck it out without repealing the statute you would deny them what they are entitled to receive?

Mr. HUSTED. Yes. They could put in a claim.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. DEMPSEY. Yes.

Mr. BLANTON. This is for the fiscal year ending June 30, 1924?

Mr. HUSTED. Yes.

Mr. BLANTON. This will not go into effect until July 1 of next year. If we see fit to reduce the salaries for the fiscal year 1924, we would not be interfering with the contracts. They could withdraw from the service.

Mr. HUSTED. They are pursuing a career in the service covering a series of years.

Mr. BLANTON. But only at the pleasure of the President.

Mr. TILSON. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Connecticut moves to strike out the last two words.

Mr. TILSON. We should not waste time in doing a perfectly futile thing. If we proceed to strike out this item without changing the law, these gentlemen will get the salary just the same, because they are entitled to it under the law. Of course, we can change the law here. An amendment will be in order under the Holman rule by which we can change the law. If, however, we simply strike out the appropriation and leave the law as it is, we have done a futile thing.

Mr. HUSTED. Yes.

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. TILSON. Yes.

Mr. CONNALLY of Texas. The gentleman's idea is that they have a vested right to it in the absence of their chief?

Mr. TILSON. They have a statutory right to the money, because they will have earned it under the law in cases where the chief is absent.

I have no doubt in my own mind that they are entitled to it equitably, because, as has been said already, in the absence of their chiefs they are frequently called upon to entertain Americans and others who come there, and who must be shown some attention. It seems to me that it would be an unwise, an unfortunate, thing to strike it out at all, but to do it without repealing the law would be a useless performance.

The CHAIRMAN. Without objection, the pro forma amendments are withdrawn. The question is on agreeing to the amendment offered by the gentleman from Texas [Mr. CONNALLY].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Turkish assistant secretary of embassy to Turkey, $4,000;
Total, $415,375.

Mr. GARNER. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas moves to strike out the last word.

Mr. GARNER. Mr. Chairman, I notice that on page 8 there is a total sum of $730,000 appropriated for clerical and various and sundry other things, and on page 10 there is another allowance of $1,400,000 for allowance for clerk hire at consulates and things of that kind, and on page 12 there is another allowance of similar character of $300,000—making a total of about $3,000,000 for clerical help. I do not know what the situation may be; I have not read the hearings; but I recall when I happened to be a member of the Committee on Foreign Affairs and the appropriations were made for this service that the total appropriation was about $6,000,000. I notice now it is something like $14,000,000, although you have about the same number of ambassadors, and ministers, and the same number of consular representatives in foreign countries. It seems to me strange that in the course of 10 years, say, without increasing our representation in the way of ambassadors, and ministers, and consuls, you have increased the total appropriation almost 100 per cent. These items that I speak of are lump-sum appropriations. You can go and hire a dragoman, or a guard, or 40 guards, whatever you want, at any price you desire, and pay them out of these lump-sum appropriations. These items look to me as though they were too large, although I am not familiar with details. I mention it only because this is the first paragraph that carries items of this character for clerical offices.

Mr. TILSON. If the gentleman from New York [Mr. HUSTED] thinks the gentleman from Texas [Mr. GARNER] is correct, I take issue with the gentleman from New York. The gentleman from Texas is not correct. This has not been a growing appropriation.

Mr. HUSTED. The gentleman from New York did not say he was correct. He thought he was incorrect.

Mr. TILSON. I beg the gentleman's pardon. I am now sure that the gentleman from New York is correct. The gentleman from Texas does not take into account the fact that these appropriations carry a treaty payment of $5,000,000 for Colombia. If you take that out, and if you take out the $250,000 payment to Panama, for which we are under treaty obligations, you have the aggregate reduced to less than $10,000,000.

It seems to me that in view of the fact that we are required to send representatives to all of the small countries that were created by the treaty of Versailles and set up in different parts of the world, the increase has been very small indeed. The fact that it has been reduced below $10,000,000 is most creditable to the State Department.

Mr. GARNER. What increase has there been in the number of ministers and ambassadors in the last three years?

Mr. TILSON. I do not say "in the last three years," because three years ago these new countries had been set up.

Mr. GARNER. The treaty of Versailles is more than three years old.

Mr. HUSTED. There are quite a good many of them.

Mr. GARNER. How many?

Mr. TILSON. Hungary, Czechoslovakia, Albania, Egypt, Esthonia, Latvia—

Mr. SNYDER. Lithuania.

Mr. TILSON. Yes; Lithuania and a number of others that I can not call offhand without referring to some of the jawbreaking names.

Mr. HUSTED. I can give the gentleman the names.

Mr. TILSON. We have considerably increased the number.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

CLERKS AT EMBASSIES AND LEGATIONS.

For the employment of necessary clerks at the embassies and legations, who, whenever hereafter appointed, shall be citizens of the United States, $350,000; and so far as practicable shall be appointed under civil-service rules and regulations.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the last word for the purpose of asking the necessity for the language "whenever hereafter appointed" in line 16. Why should they not be citizens of the United States whether appointed hereafter or now?

I move to strike out the language "whenever hereafter appointed."

Mr. HUSTED. I do not think there will be the slightest objection to that at the present time. It was put in there because it would have been manifestly unjust, at the time the language was originally inserted, to cover certain people already appointed and who were doing good work; but at this time I see no reason why it can not be done without injury.

Mr. CONNALLY of Texas. They have had 10 years' notice.

Mr. LONGWORTH. Have we not a number of clerks in Japan and China?

Mr. HUSTED. We have a number, but I think they have already been provided for.

Mr. CONNALLY of Texas. I think they come under the other section of the bill.

The CHAIRMAN. Does the gentleman from Texas offer an amendment?

Mr. CONNALLY of Texas. I offer an amendment to strike out the language "whenever hereafter appointed," in line 16, page 6.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CONNALLY of Texas: Page 6, line 16, strike out the words "whenever hereafter appointed."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The Clerk read as follows:

For 15 student interpreters at the legation to China and the embassies to Japan and Turkey, who shall be citizens of the United States and whose duty it shall be to study the language of the country to which assigned with a view to supplying interpreters to the legation or embassy and consulates in such country, at $1,500 each, $22,500: *Provided*, That the method of selecting said student interpreters shall be nonpartisan: *And provided further*, That upon receiving such appointment each student interpreter shall sign an agreement to continue in the service as an interpreter at the legation, embassy, or consulate in the country to which assigned so long as his services may be required within a period of five years.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The clerk read as follows:

Amendment offered by Mr. BLANTON: On page 7, strike out lines 1 to 13, inclusive.

Mr. BLANTON. Mr. Chairman, each one of these $17,500-a-year ambassadors to China, Japan, and Turkey gets his proportion for secretarial hire out of the appropriation of $386,875. Then the ambassador to Japan is allowed a Japanese secretary at $5,500 a year. He is an interpreter. Then he is allowed an assistant Japanese secretary at $4,000 a year, who is an interpreter. So the ambassador to Turkey is allowed a Turkish secretary at $5,500 and an extra Turkish assistant at $4,000 a year. Then out of the appropriation of $350,000 there will be clerks in various proportions to each of these ambassadors. Again, we provide in this bill, as has been done for nearly 20 years, for 15 student interpreters, whom we pick up here and send to Japan and Turkey, where they are sent to school for three years. We pay them $1,500 apiece, and then we pay $350 a year for their tuition, and then in Japan we pay $1,200 a year for quarters. And what do we get out of them? If every young man in the United States had an equal chance at these positions I would not object; but these are partisan political appointments, and there is no duty connected with them if they do not want to give it afterwards. They go to school for three years, receive $1,500 a year salary, get this $350 for tuition, and this $1,200 for quarters. They are educated, and although they sign up an agreement when they begin that they will act as interpreters for at least five years, there is nothing in the contract that would hold them to it if they wanted to leave. They could break the contract at will. There is no penalty attached to it. If they all stayed in the service, we would have more than we need, because we have been providing for these same 15 student interpreters every single year for nearly 20 years. How long are we going to keep it up? It is just the same thing over and over again. When you get an item in an appropriation bill for one of these departments you are going to find that same item reappearing every year in every single estimate that comes in, whether it is needed or not. I maintain that we certainly ought to have interpreters by this time.

Mr. DEMPSEY. Will the gentleman from Texas yield for a question?

Mr. BLANTON. I yield.

Mr. DEMPSEY. As I understand the gentleman, he says he would not object to this if it was nonpartisan.

Mr. BLANTON. I would not object to it so much, although I think it ought to be stopped.

Mr. DEMPSEY. What is the meaning of this provision in lines 7 and 8—

that the method of selecting said student interpreters shall be nonpartisan.

Mr. BLANTON. I want to ask the gentleman what does the English language mean?

Mr. DEMPSEY. Does it not mean just what it says?

Mr. BLANTON. Suppose the administration wanted to be nonpartisan by appointing no one except friendly Republican boys, it would be nonpartisan nevertheless.

Mr. DEMPSEY. No; that is assuming that they do not carry out in good faith the direction contained in this paragraph.

Mr. BLANTON. Give me the name of one single Democrat who was appointed last year.

Mr. DEMPSEY. I think you will find that during Woodrow Wilson's time——

Mr. BLANTON. Give me the name of one single Democrat among the 15 appointed last year. If the gentleman can do that I will withdraw my statement.

Mr. DEMPSEY. There were eight years of Democratic administration.

Mr. BLANTON. I am talking about the last year under the Harding administration. Name one Democrat.

Mr. DEMPSEY. Will the gentleman give me the name of one Republican who was appointed under the Wilson administration?

Mr. BLANTON. I doubt it. But my argument is just that much stronger, because they do not pay any attention to it. If there was a provision in here that they must be selected under the civil service it would be all right, but those words that the selection shall be nonpartisan mean nothing.

Mr. DEMPSEY. Mr. Chairman, I move to strike out the last word simply to say that the gentleman's statement is made without any knowledge of the facts whatever, because he could not give the name of one Republican that was appointed.

Mr. HUSTED. Mr. Chairman, I rise to oppose the amendment. Our foreign service would be badly crippled if the provision for student interpreters were taken out. It is manifestly necessary to have men as clerks in our consulates and in our embassies who understand the foreign languages, the language of Japan and of Turkey and of China. The object of this provision is to educate men so that they will understand these languages. They are needed, they are useful; they probably never acquire a complete mastery of the language, but they do acquire enough to be helpful to the Government. They eventually find their way into the consular grades.

Mr. KING. Will the gentleman yield?

Mr. HUSTED. Yes.

Mr. KING. Why is it that only rich men's sons are appointed to these positions? It is not a question of policy; it is business.

Mr. HUSTED. So far as this provision is concerned, I think the gentleman is in error; but there are many rich men's sons appointed in the diplomatic grades for the reason that the Government does not pay enough money to permit a poor man's son to take the positions.

Mr. KING. They appoint these rich men's sons who want to have a good time.

Mr. HUSTED. They go out to serve the Government and not to have a good time; but we do not pay money enough to permit the son of a poor man to accept the position of diplomatic secretary. It is an outrage that it is not possible for a poor man's son to take up a diplomatic career. It ought to be possible, and I hope the Rogers bill, which is now pending before the Committee on Foreign Affairs, will become a law, so that it will be possible.

Mr. LONDON. Will the gentleman yield?

Mr. HUSTED. Yes.

Mr. LONDON. How many young men have received the benefit of this provision?

Mr. BLANTON. Fifteen every year.

Mr. HUSTED. No; not as many as that. There are no more than needed in the service.

Mr. LONDON. How old is the law providing for the appointment of 15?

Mr. HUSTED. It is several years old; it has been carried for a good many years.

Mr. LONDON. For 10 years or more?

Mr. HUSTED. I should say so.

Mr. LONDON. Have we 100 or 150 men that have been benefited by the law?

Mr. HUSTED. I can not say how many; we have a lot of them in the consulates.

Mr. LONDON. This provision is designed to develop experienced men?

Mr. HUSTED. Yes; the men usually pass into the consular grades.

Mr. TILSON. Mr. Chairman, I wish to read from the hearings a very brief statement for the benefit of the gentleman from Texas [Mr. BLANTON] as to whether his constituents, or anyone else who wishes, can get a chance under this provision. The gentleman from New York [Mr. HUSTED] in the hearings asked Mr. Carr as follows:

Mr. HUSTED. What I wanted to get at was this: Have you more student interpreters than you really need to draw upon?

Mr. CARR. No; our difficulty is in getting enough. We have difficulty in getting men to come into this service and there are constantly requests from our missions in Japan and China and from all of our consulates out there for more students. A telegram came in about a week ago from the minister in Peking, asking for more student interpreters and stating that there was urgent need for more language-trained men.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment. In answer to the gentleman from Connecticut I want to refer him to the gentleman from Illinois and to get the gentleman from Illinois to tell the gentleman from Connecticut the success he had when he tried to get an appointment for a poor boy from Illinois who happened to live in his district. He did not get the appointment because he was a poor boy and did not have the political pull. If the distinguished gentleman from Illinois, a Member of the House and of the present administration, could not get the position for this poor boy in his district, what chance would a Democrat in the South have with a Republican administration?

Mr. TILSON. Probably there were other reasons why the candidate did not succeed.

Mr. HUSTED. He was not denied an appointment because he was a poor boy.

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

CONTINGENT EXPENSES, FOREIGN MISSIONS.

To enable the President to provide, at the public expense, all such stationery, blanks, records, and other books, seals, presses, flags, and signs as he shall think necessary for the several embassies and legations in the transaction of their business, and also for rent, repairs, postage, telegrams, furniture, typewriters, including exchange of same, messenger service, compensation of kavasses, guards, dragomans, and porters, including compensation of interpreters, translators, and the compensation of and rent for dispatch agents at London, New York, San Francisco, and New Orleans, and for traveling and miscellaneous expenses of embassies and legations, and for loss on bills of exchange to and from embassies and legations, including such loss on bills of exchange to officers of the United States Court for China and payment in advance of subscriptions for newspapers (foreign and domestic) under this appropriation is hereby authorized: *Provided*, That no part of this sum appropriated for contingent expenses, foreign missions, shall be expended for salaries or wages of persons not American citizens performing clerical services, whether officially designated as clerks or not, in any foreign mission, $730,000.

Mr. JONES of Texas. Mr. Chairman, I move to strike out the last word. I notice in the hearings that there was an estimate for a steam launch, $1,800, at Constantinople. It was not used last year nor the year before, and the witness was not sure whether it would be used this year or not. Is that appropriation continued in the bill?

Mr. HUSTED. Yes; it is. But it costs the Government nothing unless the launch is used.

Mr. JONES of Texas. They do not divert the appropriation to anything else?

Mr. HUSTED. No.

The Clerk read as follows:

EXPENSES OF CONSULAR INSPECTORS.

For the actual and necessary traveling and subsistence expenses of consular inspectors while traveling and inspecting under instructions from the Secretary of State, $25,000: *Provided*, That inspectors shall not be allowed actual and necessary expenses for subsistence, itemized, exceeding an average of $8 per day.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. I notice in the phraseology of the proviso just read that the average is $8 per day. In two other items of the bill where we allow a per diem it is not an average, but it is $8 a day. I would like to inquire of the chairman of the subcommittee is the actual allowance for these men and subsistence an average of $8 a day? Can it, under this phraseology, amount to more than $8 for a single day?

Mr. HUSTED. Yes. It might amount to a great deal more, but it can not amount to more than an average of $8 a day. That is necessary because of the long distances these inspectors have to travel in visiting the consulates. It is absolutely necessary. They might run up a bill of $100 or $150 in two days for traveling expenses alone.

Mr. STAFFORD. But it can not exceed in any one year more than an average of $8 per day.

Mr. HUSTED. No.

The Clerk read as follows:

For allowance for clerk hire at consulates, to be expended under the direction of the Secretary of State, $1,400,000. Clerks, whenever hereafter appointed, shall, so far as practicable, be appointed under civil-service rules and regulations.

Mr. DENISON. Mr. Chairman, I move to strike out the last word in order to ask the chairman of the committee why the words "so far as practicable" are inserted in the bill. If the Consular Service is to be under the civil service, I do not understand why it should not be under it instead of "so far as practicable."

Mr. HUSTED. The consular agents, as the gentleman knows, are not usually Americans. As a matter of fact, it is not possible to get our citizens in some of these small places where we need a representative to render some consular service of a slight character.

Mr. DENISON. I am referring now to clerks, page 10, line 8.

Mr. HUSTED. I may not know all the reasons why that language was inserted, but apparently it is not always practicable to have that done.

Mr. STAFFORD. Does the gentleman think it is practicable to have a civil-service examination for a clerk to assist a deputy consul in Patagonia or in the Fiji Islands?

Mr. DENISON. It is either practicable or it is not practicable. If it is not, we ought to take out the language and not make it apply to some and not to others.

Mr. HUSTED. There may be and evidently are some situations in which it is not practicable to hold an examination.

Mr. DEMPSEY. Might not this situation arise, from time to time, where temporary help is needed, and where it would be utterly impracticable to have an examination for temporary help?

Mr. DENISON. I am not able to state about that.

Mr. HUSTED. I think the gentleman's question is pertinent. I do not think I can give him an entirely satisfactory answer. I know no more about it than what the language would suggest to me, and that is that there are some situations where it is not practicable, and they ask that that language be included to permit them to dispense with the examination in certain cases.

Mr. LINEBERGER. Mr. Chairman, will the gentleman yield?

Mr. HUSTED. Yes.

Mr. LINEBERGER. I do not know that I can add any information, but having lived for about 8 or 10 years in Latin American countries, I know that, as the chairman of the committee says, there are many out-of-the-way places, where the salary is very small and the duties not at all onerous, and I think there would be certain places where it would be highly advisable to dispense with the civil-service requirements.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. HUSTED. Yes.

Mr. DEMPSEY. If the gentleman from Illinois will turn to page 43 of the hearings, he will find the following:

The viséing work, since the 3 per cent law has gone into operation, has not occupied all of the time of the men in some of the consulates, in perhaps the majority of the consulates, so that it has seemed to us better to reduce that viséing fund gradually and take the part-time men onto the regular clerk fund as clerks in the consulates and put the whole-time men onto the viséing fund.

In other words, what I suggested to the gentleman from Illinois is obviously the case, that they have part-time men as well as full-time men, and it would not be practicable to have a civil-service examination for the men who work only part of the time.

Mr. LINEBERGER. I think that is correct.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

CONTINGENT EXPENSES, UNITED STATES CONSULATES.

For expenses of providing all such stationery, blanks, record and other books, seals, presses, flags, signs, rent (so much as may be necessary), repairs to consular buildings owned by the United States, postage, furniture, including typewriters and exchange of same, statistics, newspapers, freight (foreign and domestic), telegrams, advertising, messenger service, traveling expenses of consular officers and consular assistants, compensation of Chinese writers, loss by exchange, and such other miscellaneous expenses as the President may think necessary for the several consulates and consular agencies in the transaction of their business and payment in advance of subscriptions for newspapers (foreign and domestic) under this appropriation is hereby authorized, $969,500.

Mr. DENISON. Mr. Chairman, I move to strike out the last word for the purpose of asking a question of the chairman. Has his subcommittee or the full committee ever had presented to it, or has it considered, the desirability of making an appropriation for our foreign offices, consular and ministerial, to take care of American citizens who happen to be stranded at the ports? I had a case presented to me in which some American citizens were quite unfortunate. They had their grips stolen from them in one of the foreign ports and in the grips were their railroad tickets and money, and they had nothing left and could not get any assistance from our representatives there, the consulate or the embassy. On the other hand, some other countries I might mention have in a way provided for that situation. Has that matter ever been considered by the committee?

Mr. HUSTED. Oh, yes, it has, and the very next item in the bill provides $200,000 for that purpose.

Mr. DENISON. But that is for stranded seamen.

Mr. HUSTED. Yes.

Mr. DENISON. I am speaking of American citizens, business men or tourists, who happen to be there and who are left in an unfortunate situation by accident or other matters over which they have no control.

Mr. HUSTED. There is nothing for them.

Mr. CONNALLY of Texas. Has the gentleman considered the language on page 10—

and such other miscellaneous expenses as the President may think necessary.

Does not the gentleman think that would perhaps be available for meal tickets and return tickets and things of that kind?

Mr. DENISON. I have taken the matter up with the State Department and they have advised me that they have no funds provided for that purpose. I am only inquiring whether the committee has ever considered the advisability or the desirability of making provision for a situation of that kind.

Mr. HUSTED. Of course, that would be a legislative question and could not probably be taken up by our committee, but I take it the policy of the Government is only to extend relief to shipwrecked seamen and not to provide it for individuals. Of course, anybody might go over there and spend their money and then go to the Governemnt and apply for funds to get home. I do not think the Government ought to go into the business of relieving people of that kind.

Mr. DENISON. Of course, the statement of the gentleman from New York that the matter is a legislative question and not one properly for his committee does not just exactly coincide with the facts, because the Appropriations Committee is constantly bringing in legislative propositions in its bills.

Mr. HUSTED. Oh, we are not. The gentleman will not find a legislative proposition in this bill, nor in the bill of last year.

Mr. DENISON. Mr. Chairman, I compliment the gentleman from New York for that splendid showing, and only wish other appropriation subcommittees could show as much.

The CHAIRMAN. Without objection the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

POST ALLOWANCES TO DIPLOMATIC AND CONSULAR OFFICERS.

To enable the President, in his discretion and in accordance with such regulations as he may prescribe, to make special allowances by way of additional compensation to diplomatic and consular officers and consular assistants and officers of the United States Court for China in order to adjust their official income to the ascertained cost of living at the posts to which they may be assigned, $150,000.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the paragraph. I would like to ask the gentleman from New York to what officers accredited to particular countries were these allowances made the last year?

Mr. HUSTED. Is the gentleman referring to post allowances?

Mr. CONNALLY of Texas. Yes, sir.

Mr. HUSTED. I think they were made in China; in fact, I know they were made there, and in some of the Balkan countries, and I think some places in South America.

Mr. CONNALLY of Texas. Mr. Chairman, this is a very reprehensible practice of legislating in this way and of making appropriations in such a manner as to authorize the Department of State to absolutely vary the amounts of money fixed by Congress as compensation of diplomatic and consular officers throughout the world. Now, of course, I know the plea upon which justification is sought is that it is the desire of the Government to adjust the compensation to the cost of living. The cost of living is the basis of the plea of anybody who wants his salary raised. Every clerk who comes and wants his salary raised bases it on the plea of the increase in the high cost of living. The United States officers in China, of course, have made the argument for getting this post allowance, which is an addition to their salaries, on the ground that it costs more in China to live than anywhere else. But it is also based upon the claim that they lose in exchange. You will find in this bill the committee has provided that the Department of State has the privilege of giving to the officers of the United States Court in China what they call "loss in exchange."

They say silver is the basis of the money in China and that Chinese silver, on account of the war and all that kind of business, is so much higher than the United States standard of value that they lose by reason of exchange, and so the bill

provides that the Department of State, whenever the diplomatic officers in China or officers of the United States Court in China make complaint about the rate of exchange, the Department of State may reach over into the Treasury and hand out a largess. But that is not enough. In this item of the bill the Government of the United States is appropriating $150,000 a year out of which the Department of State can increase the compensation of any diplomatic officer of this Government or that of any minister or consul at its own pleasure and the Congress can not help itself.

Mr. DEMPSEY. Will the gentleman yield?

Mr. CONNALLY of Texas. I will.

Mr. DEMPSEY. The gentleman will find a statement, so far as there is a statement regarding allowances made last year, on pages 54 and 55. The statements are quite incomplete, because they do not show anything like the disbursements.

Mr. CONNALLY of Texas. Why not?

Mr. DEMPSEY. I am stating simply the fact that they do not show anything like the disbursements of the appropriation, but they do show a certain number of disbursements, as, for instance, South Africa and China are among the places. The gentleman, I think, will find quite interesting reading here, so far as it goes.

Mr. CONNALLY of Texas. I have not read that particular hearing, but I have been in touch with this situation for some years because the committee of which I am a member formerly made these appropriations. They made complaint on account of the war. Now the war is four years away from us, and in most of the foreign countries, on account of the exchange situation, living is cheaper than in the United States, and yet we continue to make a $150,000 appropriation each year, and I submit it is not sound, I submit it is not good legislation, I submit it is contrary to established rules against lump-sum appropriations so eloquently enunciated on the floor of this House by gentlemen on both sides of the aisle. It simply gives the Secretary of State and those under him power to handle these sums of money in such a way as to discriminate even between employees of the department and more especially discriminate against the Treasury of the United States. If salaries are not sufficient they ought to be increased.

Mr. HUSTED. Mr. Chairman, this appropriation has been run down from a total of $700,000 in 1919 to $200,000 for the current fiscal year, and we have made a further reduction of $50,000, so it has been brought down from $700,000 to $150,000. I agree with the gentleman from Texas absolutely under normal conditions that it would be bad practice to allow these salaries to be increased at the will of the Secretary of State, but I think it would be a great mistake if we cut out this entire appropriation at the present time, because the gentleman from Texas must know and everybody else in the committee must know that there are conditions actually existing in certain parts of the world which would make the statutory salary grossly inadequate, and simple justice requires that they shall be increased in this or some other way. In some cases the cost of living has increased fully 100 per cent.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield for a suggestion?

Mr. HUSTED. Yes.

Mr. DEMPSEY. And the director of consulates makes these statements as showing the necessity for it. He says:

I think the full allowance is very necessary. For my own comfort I wish it had never existed.

Mr. HUSTED. Of course.

Mr. DEMPSEY. He says it does not increase the salaries in the cases where allowances are made to an amount to offset the increased cost of living, and he says the allowances are made in almost all cases to men with small salaries. There have been only a very few instances where they have been made to men with large salaries.

Mr. HUSTED. Yes; and the average amount paid from this fund to any one individual has been very small.

Mr. DEMPSEY. Yes; from $1,200 to $1,500 at the outside.

Mr. HUSTED. That is the largest one; the average is about $250.

Mr. DENISON. Mr. Chairman, I will oppose the amendment offered by the gentleman from Texas.

The CHAIRMAN. Does the gentleman from New York yield?

Mr. HUSTED. I yield to the gentleman.

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. DENISON. Mr. Chairman, I notice there is an item on page 13 of $3,000 to purchase land at Mukden, China, for consular purposes. I wish the chairman of the committee might give to the House the benefit of such information as he has about that item, so that the House may know whether it is voting intelligently on this subject or not. Tell us what is the purpose, and whether the land has any buildings or not, and whether it is proposed to erect a building.

Mr. HUSTED. That land is sought to be acquired for consular purposes.

Mr. DENISON. I suppose that is true, of course, from the language used.

Mr. HUSTED. I want to explain it to you. Here is what Mr. Carr has to say about it, on page 52 of the hearings:

I would like to explain that purchase of land at Mukden. Several years ago the Chinese authorities set apart a certain section in the new part of Mukden for consular quarters of the different governments, and they offered to us an option on a plot of ground there. We had, of course, no money with which to buy it. We recommended an appropriation by Congress for a building there a number of years ago; Congress did not see fit at that time to appropriate the money; and the matter ran along and was practically lost sight of.

And then there was a likelihood that the option would be canceled; and our consul, desiring not to have that done, conferred with the representative of a business concern there about it. That gentleman put up the money to acquire the property. Now, we can get title to that property for the United States for within $3,000 gold. The property is probably worth $25,000 or $50,000, according to my best information; it is a very excellent site for a consular building, and it would be a great pity not to acquire it. It is an excellent business investment, and apparently it is the general policy of Congress to erect buildings for our diplomatic and consular offices so far as is consistent with our financial resources.

Mr. DENISON. Well, Mr. Chairman, I hope the reading of this statement of Doctor Carr into the RECORD will bring to the attention of the Members of the House and the Congress and the country the condition that exists, which I think has too long been neglected by our Government, and which, I think, is a disgrace to our Government; a condition under which the Government is unable or unwilling to buy a little office for our consulate, and an American citizen, who happens to be in business there, has to come forward and advance the money for the acquisition of a consular building which is badly needed.

I think, Mr. Chairman and gentlemen of the committee, the Committee on Appropriations ought to get busy on this question of securing proper buildings and quarters for our consular officers and for our embassies in foreign countries, so that the representatives of this great Government will have some place in which to live and some place in which to transact the Government's business in foreign ports. That matter has been too long neglected. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired. Without objection, the pro forma amendment will be withdrawn. The Clerk will read.

The Clerk read as follows:

INTERNATIONAL BOUNDARY COMMISSION, UNITED STATES AND MEXICO.

To enable the President to perform the obligations of the United States under the treaties of 1884, 1889, 1905, and 1906 between the United States and Mexico, including not to exceed $900 for rent, $30,713.50.

Mr. HUDSPETH. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas moves to strike out the last word.

Mr. HUDSPETH. Mr. Chairman and gentlemen of the committee, I would like to state to the chairman of the subcommittee in charge of this bill that I am pleased to see an item here of $30,713 for the United States-Mexico Boundary Commission. This is very essential and timely. As I recall under a Democratic administration we provided the sum of $50,000 for this commission, and I believe this amount to be needed at the present time. However, I am glad to know that the Secretary of State, after considerable importuning from myself and the people of my home city of El Paso, has appointed a boundary commissioner to represent this country in all landed disputes with Mexico and other questions affecting the boundary between the two countries. Certainly at the present time and until Mexico is recognized no definite agreement can be reached by the commissioners of the two countries, but in case of a change in the river, which might change the boundary, our commissioner could be on the ground, and have surveys made, and get data that would avail our country at such time when Mexico should be recognized.

Now, gentlemen, relative to the recognition of Mexico, which has been so loudly demanded by certain gentlemen on this floor, and one especially, who preceded only a few minutes ago, and who from time to time for the past year in speeches here has demanded the unconditional recognition of Mexico by this Government, permit me to state that as a citizen of this country I would welcome a recognition of Mexico to-morrow if it were brought about in the proper manner. If that country would give sufficient guaranties of protection to the lives and properties of Americans residing there and rescind its confiscatory laws. Has she done it? No. Will she do it? That is to be seen. So much has been said about that stable government down there, and her splendid constitution, and its great guaranties of life,

liberty, and the pursuit of happiness to its citizens, and all within her gates. Well, I happen to hold in my hand this remarkable document, the constitution of 1917, formulated and ordained by Venustiano Carranza, and by its side in deadly parallel, the constitution of 1857, which I believe was adopted under the able administration of that patriotic statesman and patron saint of Mexico, Benito Juarez.

In the very first preamble of the constitution of 1857 we find these significant words, "In the name of God and by the authority of the Mexican people." Not the slightest reference to God in the Carranza-Obregon constitution of 1917; and the failure was not unintentional, as I will show later. I believe in the Christian religion; so do you, I trust. In Article III, clause 2, of the Carranza-Obregon constitution of 1917 I quote as follows: "No religious corporation nor minister of any religious creed shall establish or direct schools of primary instruction." Does it stop there? Oh, no! In Article XXIV, clause 2, Carranza-Obregon constitution of 1917, I quote the following: "Every religious act of public worship shall be performed strictly within the places of public worship, which shall be at all times under governmental supervision." If I interpret correctly, it means that no religious service can be conducted outside of a church, no religious service in the home or on the street, and the Mexican Government will demand and direct the kind to be conducted. And is that all? Oh, no! We read on page 19, clause 2 of the latter part of Article XXVII, as follows:

II. The religious institutions known as churches, irrespective of creed, shall in no case have legal capacity to acquire, hold, or administer real property or loans made on such real property; all such real property or loans as may be at present held by the said religious institutions, either on their own behalf or through third parties, shall vest in the nation, and anyone shall have the right to denounce property so held. Presumptive proof shall be sufficient to declare the denunciation well-founded. Places of public worship are the property of the nation, as represented by the Federal Government, which shall determine which of them may continue to be devoted to their present purposes. Episcopal residences, rectories, seminaries, orphan asylums, or collegiate establishments of religious institutions, convents, or any other buildings built or designed for the administration, propaganda, or teaching of the tenets of any religious creed shall forthwith vest, as of full right, directly in the nation, to be used exclusively for the public services of the Federation or of the States, within their respective jurisdictions. All places of public worship which shall later be erected shall be the property of the nation.

III. Public and private charitable institutions for the sick and needy, for scientific research, or for the diffusion of knowledge, mutual aid societies or organizations formed for any other lawful purpose shall in no case acquire, hold, or administer loans made on real property, unless the mortgage terms do not exceed 10 years. In no case shall institutions of this character be under the patronage, direction, administration, charge, or supervision of religious corporations or institutions, nor of ministers of any religious creed or of their dependents, even though either the former or the latter shall not be in active service.

You will see that all places of religious worship are declared the property of the nation, likewise all charitable institutions for the sick and destitute, scientific research, and of learning are prohibited from acquiring or holding property for a period exceeding 10 years, and in no case can these latter institutions be under or directed by religious institutions. Now, it would seem that this would be "out-Lenining" Lenin, in blotting out religious freedom, for we find as a part of article 130 of this Magna Charta of Mexican liberties the following:

The law recognizes no juridical personality in the religious institutions known as churches.

Ministers of religious creeds shall be considered as persons exercising a profession and shall be directly subject to the laws enacted on the matter.

The State legislatures shall have the exclusive power of determining the maximum number of ministers of religious creeds, according to the needs of each locality. Only a Mexican by birth may be a minister of any religious creed in Mexico.

No ministers of religious creeds shall, either in public or private meetings or in acts of worship or religious propaganda, criticize the fundamental laws of the country, the authorities in particular, or the Government in general; they shall have no vote, nor be eligible to office, nor shall they be entitled to assemble for political purposes.

And in pursuance of this clause in this constitution, in the State of Oaca, in the southern part of the Republic, the number of ministers of religion has been curtailed to six in the entire State, having a population of at least a half million. The humblest citizen of our country can criticize its laws and its rulers without let or hindrance, but a minister of the gospel can not do so in Mexico. If he does, he goes to jail. And you will find in other parts of this remarkable document that only a Mexican by birth can be a minister of any religious creed in Mexico, nor can any minister vote, hold office, or assemble for any political purpose.

Now, I am a Democrat, but I trust I am not a partisan to the extent of being unfair to those of the opposite party. Secretary Hughes has been criticized repeatedly by gentlemen on this floor for failure to recognize Mexico. Well, let me say to all such gentlemen that the able Secretary of State has not originated any new policy; he is simply walking in the same path trodden by his predecessor, Mr. Colby, and reaffirming the doctrine laid down by Mr. Norman H. Davis, the Acting Secretary of State during the latter part of Wilson's administration; and, let me further add, one of the ablest men that ever held that position, and as bright and scintillating a mind as I ever walked into the presence of. He stated to me in person once when I called to discuss the Mexican situation with him that if his policy was carried out, and he had so informed the Mexican authorities, that Mexico would be recognized when she agreed in writing to protect American lives and property, and repeal her confiscatory laws as to American property, and modify the iniquitous section 27 of the constitution of 1917.

Now, if I understand the position of Mr. Hughes correctly, this is exactly what he requires. I say more power to the strong arm of the present Secretary of State. [Applause.] Let us not have any namby-pamby, dillydallying, note-writing, equivocating policy this time. Let them understand that Americans must be treated as well on that side of the Rio Grande as Mexicans are treated on this side. There are 475,000 Mexicans residing in the United States and 10,000 Americans in Mexico. There were 75,000 Americans in Mexico when Carranza became President, but they have been driven out and murdered until there are 10,000 left, and still we are told that the present Government of Mexico, as far as Americans are concerned, is a shield and an anchor, "a pillow of cloud by day and a Kansas prairie fire by night," to lead them on and protect them in their lives and property.

Now, my friends, a certain gentleman, who probably never wet his feet in the Rio Grande in all the days of his life, will get on this floor almost daily and assume to tell you all about conditions in Mexico, and describe all the characteristics of the Mexican people, and hollo his head off for immediate recognition, and criticize and give the present administration "unshirted hades" because it has not embraced Mexico and swallowed article 27 and its socialistic constitution, head, hide, and hair, not omitting the tail. Now, my friends, I do not hesitate to criticize a Republican, or a Republican administration, if I think he or it deserves it.

I do not know all about Mexico by any means, but I feel I have some little personal knowledge. I have traveled over the country. I have dealt with the Mexican commercially; I have broken bread with him; I have practiced in the courts a little; I have ridden the range with him; I have conversed with him upon various topics in his own tongue; I have mingled with the men in all walks of life, and in other days, when these silver locks were more of the auburn tint, I have tripped the "light fantastic" and whirled the dark, dreamy-eyed señoritas to the south of the Rio Grande through the giddy-glide waltz to the soul-stirring and heart-soothing strains of "Aboja la Solas" and "La Paloma," and I tell you, gentlemen, it is my experience that in order to insure absolute compliance with all contracts with the Dons, the Juans, and the señors beyond the shining Rio Grande you must have him where he can not squirm, twist, nor shiver.

Now, a great deal has been said by gentlemen advocating immediate recognition that article 27 does not confiscate American property. Well, I am going to read it to you here and let you pass judgment.

Mr. EVANS. Will the gentleman from Texas insert it in his remarks?

Mr. HUDSPETH. I will.

And it was further claimed by a gentleman a few minutes ago that the supreme court of Mexico has held that this article was not retroactive. It is true it did hold that in the Texas Company case, as applying to its lands and its rights, but, unfortunately, a supreme court decision in Mexico in a certain case only extends to that particular case and is not like our Supreme Court decisions—a precedent for all similar questions and cases. It might, and probably would, reverse itself in the very next case that comes up involving retroactive legislation and confiscation of property under this article. Can they confiscate? Well, they have done it in many instances. Recently an American citizen, Marion C. Dyer, suffered confiscation of all his lands in the State of Durango. The Corralitos Cattle Co., owned by Americans having large landed interests in the State of Chihuahua, about a year ago had their lands lying along the watercourses confiscated by the State government—squatters got upon them—their cattle driven away, and many perished for water and sustenance. "Oh," the Mexican Government replies, "we will pay you for the land we take in agrarian bonds—in other words, State bonds." Well, no one has ever seen one of those bonds up to this good hour, and in my judgment no one ever will; but if they were issued and delivered they would not be worth the paper they were printed upon.

Now, in pursuance of this article 27, they have passed in many States what is known as the "Idle land law," which operates as follows: Say my friend, Congressmen HADLEY, there, an American, was farming in Mexico; he has 80 acres in wheat and 10 acres in a meadow for his milch cows and work horses to graze upon. Along comes a Mexican citizen, probably a goat herder, and he says to a municipal authority, or a justice of the peace, as provided herein: "Señor HADLEY is not cultivating all that land; he has 10 acres of idle land." "All right," says the judge, "You take HADLEY's land and cultivate it." No bond required for protection of property. The Mexican goes on HADLEY's land, he gathers the wheat and sells and appropriates the proceeds. He pays HADLEY 5 per cent of the crop, unless HADLEY furnishes him a home to live in, cows to milk, and teams and implements to work and harvest the crop, then he pays HADLEY the magnificent sum of 10 per cent. After harvesting and disposing of the crop, he turns the land back to HADLEY, if HADLEY has not been run across the Rio Grande, in the meantime, and goes back to his goats. Do you men want to immediately rush pell mell into a recognition of that kind of a government? Many of you shake your heads, and many more of you will shake them, when I get through reading and expostulating upon this remarkable document.

Again, my friends, let me remind you, as you well know, the President of the United States can not expel a foreigner from this country without said foreigner has been decreed to be an undesirable citizen, a dangerous person, a menace to society and to this Government by some tribunal of competent jurisdiction. If he attempted to do so, every Federal court from the Rio Grande to the Canadian boundary would be resorted to to prevent it. The president of Mexico, upon his mere ipsi dixit, can expel a foreigner without any court procedure whatsoever when he may deem the presence of said foreigner inexpedient, and I read the latter part of article 33 of the constitution of 1917:

The executive shall have the right to expel from the Republic forthwith, and without judicial process, any foreigner whose presence he may deem inexpedient.

If an American goes into Mexico to acquire land, what does he have to do? First, say that he is a Mexican with respect to such property, and agree before the department of foreign affairs that he will not invoke the protection of his government with respect to same, and in case of breach, a penalty of forfeiture of said property. And in a certain zone, within 100 kilometers—about 75 miles—from the frontiers, and 50 kilometers—about 40 miles—from the sea, no foreigner can, under any conditions, acquire land.

Now, my friends, is this all there is in this remarkable constitution? No; let us see about religious institutions and churches owning and acquiring property in Mexico. I say this, that the property of churches and religious institutions is under this constitution confiscated and declared the property of the nation. Some of my colleagues look a little skeptical at this unusual and astounding statement. Well, I will read you the exact language, and let you draw your own conclusion. But before I do, let me state that it is my understanding that this constitution of 1917 was patterned largely after the Bolshevik constitution of Russia. I do not know that to be a fact, but I do know that the true theory of Bolshevism is diametrically opposed to all religion and all religious exercises. Now, read this constitution as to ministers of religion, as to religious meetings, as to schools under religious institutions and as to churches acquiring property, and draw your own conclusions.

Now I am going to insert all of article 27, and I call your especial attention to title 2, relative to confiscation of church property and vesting title in the nation. And no supreme court, or decision of one in Mexico, has ever declared this section unconstitutional or that it was not retroactive in its provisions. And right under it I will insert article 27 of the constitution of 1857 for comparison—one promulgated by a statesman, the other by a socialist:

(Constitution of 1917, art. 27—Carranza-Obregon.)

ART. 27. The ownership of lands and waters comprised within the limits of the national territory is vested originally in the nation, which has had and has the right to transmit title thereof to private persons, thereby constituting private property.

Private property shall not be expropriated, except for reasons of public utility and by means of indemnification.

The nation shall have at all times the right to impose on private property such limitations as the public interest may demand, as well as the right to regulate the development of natural resources, which are susceptible of appropriation, in order to conserve them and equitably to distribute the public wealth. For this purpose necessary measures shall be taken to divide large landed estates; to develop small landed holdings; to establish new centers of rural population with such lands and waters as may be indispensable to them; to encourage agriculture and to prevent the destruction of natural resources; and to protect property from damage detrimental to society. Settlements, hamlets situated on private property, and communes which lack lands or water or do not possess them in sufficient quantities for their needs shall have the right to be provided with them from the adjoining properties, always having due regard for small landed holdings. Wherefore all grants of lands made up to the present time under the decree of January 6, 1915, are confirmed. Private property acquired for the said purposes shall be considered as taken for public utility.

In the nation is vested direct ownership of all minerals or substances which in veins, layers, masses, or beds constitute deposits whose nature is different from the components of the land, such as minerals from which metals and metalloids used for industrial purposes are extracted; beds of precious stones, rock salt, and salt lakes formed directly by marine waters; products derived from the decomposition of rocks when their exploitation requires underground work; phosphates which may be used for fertilizers; solid mineral fuels; petroleum and all hydrocarbons—solid, liquid, or gaseous.

In the nation is likewise vested the ownership of the waters of territorial seas to the extent and in the terms fixed by the law of nations; those of lakes and inlets of bays; those of interior lakes of natural formation which are directly connected with flowing waters; those of principal rivers or tributaries from the points at which there is a permanent current of water in their beds to their mouths, whether they flow to the sea or cross two or more States; those of intermittent streams which traverse two or more States in their main body; the waters of rivers, streams, or ravines when they bound the national territory or that of the States; waters extracted from mines; and the beds and banks of the lakes and streams hereinbefore mentioned, to the extent fixed by law. Any other stream of water not comprised within the foregoing enumeration shall be considered as an integral part of the private property through which it flows; but the development of the waters when they pass from one landed property to another shall be considered of public utility and shall be subject to the provisions prescribed by the States.

In the cases to which the two foregoing paragraphs refer the ownership of the nation is inalienable and may not be lost by prescription. Concessions shall be granted by the Federal Government to private parties or civil or commercial corporations organized under the laws of Mexico only on condition that said resources be regularly developed and on the further condition that the legal provisions be observed.

Legal capacity to acquire ownership of lands and waters of the nation shall be governed by the following provisions:

I. Only Mexicans by birth or naturalization and Mexican companies have the right to acquire ownership in lands, waters, and their appurtenances or to obtain concessions to develop mines, waters, or mineral fuels in the Republic of Mexico. The nation may grant the same right to foreigners, provided they agree before the department of foreign affairs to be considered Mexicans in respect to such property, and accordingly not to invoke the protection of their governments in respect to the same, under penalty in case of breach of forfeiture to the nation of property so acquired. Within a zone of 100 kilometers from the frontiers and of 50 kilometers from the seacoast no foreigner shall under any conditions acquire direct ownership of lands and waters.

"II. The religious institutions known as churches, irrespective of creed, shall in no case have legal capacity to acquire, hold, or administer real property or loans made on such real property; all such real property or loans as may be at present held by the said religious institutions, either on their own behalf or through third parties, shall vest in the Nation, and anyone shall have the right to denounce property so held. Presumptive proof shall be sufficient to declare the denunciation well founded. Places of public worship are the property of the Nation, as represented by the Federal Government, which shall determine which of them may continue to be devoted to their present purposes. Episcopal residences, rectories, seminaries, orphan asylums, or collegiate establishments of religious institutions, convents, or any other buildings built or designed for the administration, propaganda, or teaching of the tenets of any religious creed shall forthwith vest, as of full right, directly in the Nation, to be used exclusively for the public services of the federation or of the States within their respective jurisdictions. All places of public worship which shall later be erected shall be the property of the nation.

"III. Public and private charitable institutions for the sick and needy, for scientific research, or for the diffusion of knowledge, mutual-aid societies, or organizations formed for any other lawful purpose shall in no case acquire, hold, or administer loans made on real property, unless the mortgage terms do not exceed 10 years. In no case shall institutions of this character be under the patronage, direction, administration, charge, or supervision of religious corporations or institutions, nor of ministers of any religious creed, or of their dependents, even though either the former or the latter shall not be in active service.

"IV. Commercial stock companies shall not acquire, hold, or administer rural properties. Companies of this nature which may be organized to develop any manufacturing, mining, petroleum, or other industry, excepting only agricultural industries, may acquire, hold, or administer lands only in an area absolutely necessary for their establishments or adequate to serve the purposes indicated, which the executive of the union or of the respective State in each case shall determine.

"V. Banks duly organized under the laws governing institutions of credit may make mortgage loans on rural and urban property in accordance with the provisions of the said laws, but they may not own nor administer more real property than that absolutely necessary for their direct purposes; and they may, furthermore, hold temporarily for the brief term fixed by law such real property as may be judicially adjudicated to them in execution proceedings.

"VI. Properties held in common by coowners, hamlets situated on private property, pueblos, tribal congregations, and other settlements which, as a matter of fact or law, conserve their communal character, shall have legal capacity to enjoy in common the waters, woods, and lands belonging to them, or which may have been or shall be restored to them according to the law of January 6, 1915, until such time as the manner of making the division of the lands shall be determined by law.

"VII. Excepting the corporations to which Clauses III, IV, V, and VI hereof refer, no other civil corporation may hold or administer on its own behalf real estate or mortgage loans derived therefrom, with the single exception of buildings designed directly and immediately for the purposes of the institution. The States, the Federal district, and the Territories, as well as the municipalities throughout the Republic, shall enjoy full legal capacity to acquire and hold all real estate necessary for public services."

The Federal and State laws shall determine within their respective jurisdiction those cases in which the occupation of private property shall be considered of public utility; and in accordance with the said laws the administrative authorities shall make the corresponding declaration. The amount fixed as compensation for the expropriated property shall be based on the sum at which the said property shall be valued for fiscal purposes in the catastral or revenue offices, whether this value be that manifested by the owner or merely impliedly accepted by reason of the payment of his taxes on such a basis, to which there shall be added 10 per cent. The increased value which the property in question may have acquired through improvements made subsequent to the date of the fixing of the fiscal value shall be the only matter subject to expert opinion and to judicial determination. The same procedure shall be observed in respect to objects whose value is not recorded in the revenue offices.

All proceedings, findings, decisions, and all operations of demarcation, concession, composition, judgment, compromise, alienation, or auction which may have deprived properties held in common by co-owners, hamlets situated on private property, settlements, congregations, tribes, and other settlement organizations still existing since the law of June 25, 1856, of the whole or a part of their lands, woods, and waters, are declared null and void; all findings, resolutions, and operations which may subsequently take place and produce the same effects shall likewise be null and void. Consequently all lands, forests, and waters of which the above-mentioned settlements may have been deprived shall be restored to them according to the decree of January 6, 1915, which shall remain in force as a constitutional law. In case the adjudication of lands, by way of restitution, be not legal in the terms of the said decree, which adjudication have been requested by any of the above entities, those lands shall nevertheless be given to them by way of grant, and they shall in no event fail to receive such as they may need. Only such lands, title to which may have been acquired in the divisions made by virtue of the said law of June 25, 1856, or such as may be held in undisputed ownership for more than 10 years, are excepted from the provision of nullity, provided their area does not exceed 50 hectares.

Any excess over this area shall be returned to the commune and the owner shall be indemnified. All laws of restitution enacted by virtue of this provision shall be immediately carried into effect by the administrative authorities. Only members of the commune shall have the right to the lands destined to be divided, and the rights to these lands shall be inalienable so long as they remain undivided; the same provision shall govern the right of ownership after the division has been made. The exercise of the rights pertaining to the nation by virtue of this article shall follow judicial process; but as a part of this process and by order of the proper tribunals, which order shall be issued within the maximum period of one month, the administrative authorities shall proceed without delay to the occupation, administration, auction, or sale of the lands and waters in question, together with all their appurtenances, and in no case may the acts of the said authorities be set aside until final sentence is handed down.

During the next constitutional term the Congress and the State legislatures shall enact laws, within their respective jurisdictions, for the purpose of carrying out the division of large landed estates, subject to the following conditions:

"(a) In each State and Territory there shall be fixed the maximum area of land which any one individual or legally organized corporation may own.

"(b) The excess of the area thus fixed shall be subdivided by the owner within the period set by the laws of the respective locality, and these subdivisions shall be offered for sale on such conditions as the respective governments shall approve, in accordance with the said laws.

"(c) If the owner shall refuse to make the subdivision, this shall be carried out by the local government by means of expropriation proceedings.

"(d) The value of the subdivisions shall be paid in annual amounts sufficient to amortize the principal and interest within a period of not less than 20 years, during which the person acquiring them may not alienate them. The rate of interest shall not exceed 5 per cent per annum.

"(e) The owner shall be bound to receive bonds of a special issue to guarantee the payment of the property expropriated. With this end in view, the Congress shall issue a law authorizing the States to issue bonds to meet with agrarian obligations.

"(f) The local laws shall govern the extent of the family patrimony, and determine what property shall constitute the same on the basis of its inalienability; it shall not be subject to attachment nor to any charge whatever."

All contracts and concessions made by former governments from and after the year 1876, which shall have resulted in the monopoly of lands, waters, and natural resources of the nation by a single individual or corporation are declared subject to revision, and the Executive is authorized to declare those null and void which seriously prejudice the public interest.

Constitution of 1857, article 27, I think, under Benito Juárez, and patterned after ours:

ART. 27. Private property shall not be taken without the consent of the owner, except for reasons of public utility, indemnification having been made. The law shall determine the authority to make the expropriation and the conditions on which it shall be carried out.

No religious corporations and institutions of whatever character, denomination, duration, or object, nor civil corporations, when under the patronage, direction, or administration of the former, or of ministers of any creed shall have legal capacity to acquire title to or administer real property other than the buildings immediately and directly destined to the services or purposes of the said corporations and institutions. Nor shall they have legal capacity to acquire or administer loans made on such real property.

Civil corporations and institutions not comprised within the above provision may acquire and administer, in addition to the buildings mentioned, real property and loans made on such real property required for their maintenance and purposes, subject to the requisites and limitations to be established by the Federal law to be enacted by the Congress on the subject. (As amended May 14, 1901.)

Now, let me refer you in this same constitution to some rare specimens of socialistic declarations. First, if you employ a person over there you must pay him in legal currency. No checks, even though certified, go under this remarkable document. Now let me show you the absurdity and hazard of this foolish provision. The Mexican Northwestern Railroad, that enters Mexico at Juarez and runs into Madero, has its head offices in El Paso; some of its officers stay there and its accounts are kept there. Under this constitution you have to pay, if exacted, once a week. Now, the paymaster, or treasurer, at El Paso has to load a man on the train once a week, give him, we will say, $20,000 in currency, and send him to Madero to pay off its employees. Well, Mr. Mexican Bandit gets onto the exact time of pay day. He meets the messenger with the $20,000 each week, and takes his tariff. Ah, well, what does this measly (?) sum amount to, anyway? The "poor bandit" needs the money—but I should not think it would tend to encourage investment of foreign money in Mexico or strengthen a protection of American investments already there. Now I am going to quote you the exact language embraced in Title X, of article 123, of this "remarkable constitution": "Title X. All wages shall be paid in legal currency, and shall not be paid in merchandise, orders, counters, or any other representative token with which it is sought to substitute money." Nor is this all the socialist declarations of this remarkable constitution of the Government we are asked by certain gentlemen here to dive in and swim the murky waters of the Rio Grande, without even removing our "hickory shirt" and "jean pantaloons," to embrace. You have to pay your employee in his place of business or his home. You can't pay him in a church or a schoolhouse or a city hall or a courthouse, but you must take the puro plata, the old peso, to his place of business or his home and put it in his very fist. Furthermore, if you desire to discharge an employee you have to give him three months' notice prior to time of discharge. Well, no, you do not have to do that, exactly; you have the option of paying him three months in advance and letting him go at any time. Do you think that would displease Trotsky and his other Bolsheviks? If you have a stenographer in your office who is the sole support of a widowed mother, and you desire to pay her overtime, eight hours being all she can work for you, you can not do so, for this article 123, Title XI, says no woman can engage in overtime work. Now, personally, I don't believe a woman should be compelled to work over eight hours, but if she wants to do so in order to make a few extra dollars for herself and dependents, I certainly think she should be permitted.

Now, there are some provisions in this constitution compelling employers to provide sanitary quarters for their employees that I indorse, and also forcing said employers to guard against accidents in machinery and tools of employment. Such laws we have in this country, and I helped to enact many of them as a member of the legislature of my State. But there are so many unreasonable, socialistic, and anarchistic, unworkable provisions that no person calling himself a Democrat or a good American could indorse. I would like to incorporate this entire constitution as a part of my remarks, but there is so much of it that I do not wish to impose upon the generosity of this House and encumber the RECORD. I simply was astounded when I read it. I believe it would even jar the socialistic nerves of the gentleman from New York [Mr. LONDON].

Now, the general trend of all this propaganda for immediate recognition of Mexico is to the effect that there will be no confiscation and no retroactive laws, but the constitution and laws of Mexico by express and very clear terms both are confiscatory and retroactive. In reply to this propaganda Secretary Hughes wrote on June 7 of this year: "If Mexico does not contemplate a confiscatory policy the Government can conceive of no possible objection to the treaty." And again I agree with the Secretary of State when he says: "The fundamental question under consideration is the safeguarding of property rights against confiscation. Mexico is free to adopt any policy which she pleases with respect to her public lands, but she is not free to destroy, without compensation, valid titles which may have been obtained by Americans under Mexican laws." Oh, you say, "What business is it of ours what kind of a constitution Mexico has—let it be socialistic or anarchistic." Well, we have not recognized the Bolshevik government of Russia, and still there has been no confiscation of American property there. We did not recognize the government of Victoriana Huerta, founded upon assassination, pillage, and murder, although it was not alleged that American property was being confiscated. I am not so greatly concerned personally as to how Mexico governs her own people, although I do not indorse a socialistic government anywhere on this earth; but, gentlemen, I am deeply concerned, and every red-blooded American ought to be, as to the treatment she accords Americans over there that the government in-

vited in there and are still extending invitations to come, and the extent of protection she accords their person and property. [Applause.]

Now, let me state to some of my friends who are holloing so loudly for immediate and unconditional recognition; that if the Mexican Government, operating under this constitution, is recognized, the effect will be to release Mexico from every article of the existing treaty between that country and the United States binding Mexico to respect the private property lawfully acquired, or the liberty of American citizens in that Republic. Ah, you say, "the Supreme Court will safeguard their rights. They can resort to that tribunal to guard against confiscation." Well, you could sue out in the supreme court of that country what is called the writ of amparo; this writ combines the essential elements of the writ of habeas corpus, certiorari, and mandamus. It gives redress to a specific person or entity, and never makes any general statement of law. It can never declare a law unconstitutional. Now, Mexico says, and it has been repeated here on the floor by some of my friends, that she can not sign the treaty; it would be humiliating to her national pride. Now, she did sign a declaration acknowledging the independence of Texas on the battle field of San Jacinto. I do not know whether she saved her national pride, but Santa Ana saved his hide. And again, this utterance may seem strange indeed, for after the war of 1848, when the Mexican nation was prostrate before victorious American armies and the treaty of Guadalupe-Hidalgo was signed at the point of the bayonet, the United States Government dictated just what should be the status of an American citizen in Mexico, and that these provisions were binding upon both Governments. The United States Government said, in effect, "You shall treat Americans in Mexico exactly thus and so, and their rights shall be just so. But the rights of Mexicans in the United States shall be exactly the same. Now, that is all the United States is contending for to-day. Who is it on this floor or elsewhere that will deny but that a Mexican has the same rights before the courts in this country as an American, and the same judicial mantle of protection is thrown over his property? Now, let us exact this from Mexico, and while I desire diplomatic and friendly relations to be resumed between the two countries, and probably recognition would greatly advance the commercial interests of my home city and along the border in my district, which I would greatly desire, still, Mr. Chairman, if that can not be brought about in the proper manner, if Mexico is not both able and willing to guarantee that protection over her own signature, nothing humiliating, and nothing unreasonable, as one Representative I would be willing to defer recognition till the crack of doom. With the cold, naked, horribly mutilated bodies of 18 good Americans murdered at Santa Isabelle a few short years past staring me in the face and fresh in my memory and many other horrible instances of splendid Americans yielding their lives in Mexico without even "a dog's show," and the virtue of American women sacrificed to Mexican lust, too numerous to mention here, I would not forego one American life or endanger the virtue of one American woman for all the gold in Mexico. [Applause.]

Ah, you say, several States along the border have already recognized Mexico and that many of the representative citizens on the border are advocating recognition, and it is shouted in my face that my own State has recognized Mexico. Now, let me say to you, gentlemen, what in the Hades can Texas do toward recognizing Mexico? [Laughter.]

It is true her governor was invited down to the inauguration, was met at the border by a special train sent by Obregon, went down to the capital, wined and dined—anyway dined—I have heard somewhere he does not "wine" [laughter], came back and issued a proclamation or made a declaration recognizing Mexico, but still Hughes failed to take cognizance of it, and this country has never sent an ambassador down there; and if Texas has either an ambassador, minister plenipotentiary, or even a chargé d'affaires down there, I have never heard of it.

Now, my friends, I did not intend to impose myself on this House. I live on the border. I was raised there. The Mexican question is not Pancho Villa. It did not end when Pancho, in recognition of his "valiant services to his country," was presented by the Government of Mexico with a small farm of 800,000 acres in Chihuahua and retired to lead the life of a "country gentleman," but the fundamental question that confronts our country in considering its relations with Mexico is the protection of American lives and the safeguarding of their property rights against confiscation. If Mexico would effectively bind herself to do this, gentlemen, I would be in favor of our country recognizing her to-morrow, and vote to authorize the Secretary of the Treasury to loan her, upon her national bonds, such a sum of money to properly enable her to rehabilitate and place upon a stable and sound financial basis her devastated country and her depleted treasury. [Applause.]

That is all the people in my section want. Of course, there are a few gentlemen in my State who want to sell a few tons of coal or a carload of Mexican blankets down there, and they care nothing about Americans, their lives, and property, and they would not indorse it. I wanted to show you gentlemen the constitution of this Republic and also wanted to show you what Mr. Obregon says he will do; and Secretary Hughes and Secretary Colby knew the nature of the Mexicans, as Norman Davis, the Assistant Secretary of State, once said to me that they will not get recognition until they agree to protect the lives of Americans. [Applause.]

By unanimous consent, Mr. HUDSPETH and Mr. SUMNERS of Texas were given leave to extend their remarks in the RECORD.

Mr. VARE. Mr. Chairman, it was my pleasure to-day to introduce a bill in the House providing for the bestowal of a medal of honor upon former Chief Boatswain's Mate William Henry Schmidt, veteran of the World War and one who gave distinguished service under fire.

Mr. Schmidt was commander of the gun crew attached to the armed guard ship *Amphion* when, on October 12, 1918, a German submarine attacked that vessel in midocean. For 1 hour and 20 minutes a pitched battle followed, in which the submarine fired more than 200 shots and the crew of the *Amphion* 93.

As a result of the distinguished work of Mr. Schmidt, Lieut. Commander H. H. Norton, United States Navy, acting commander of the *Amphion*, recommended him for a medal of honor. This award was reduced to the granting of a Navy cross.

The handling of the gun crew and the conditions under which the gun crew operated during the fighting alone would warrant the medal of honor award for Mr. Schmidt. During the battle the deck caught fire. Directly underneath of the fire was located the ammunition magazine. There was danger of the fire spreading into the magazine. Notwithstanding this the gun crew continued action, driving off the submarine.

The action of the board of awards in reducing the award to Mr. Schmidt has been called to the attention of Secretary of the Navy Denby. The board of awards acted under a misapprehension as to the length of the battle and clearly made a gross error in the reduction of the award. Apparently because this was an error of the previous administration, Secretary Denby has not seen fit to consider a review of the award.

I have received the following letter from Secretary Denby concerning the case of Mr. Schmidt:

I have to acknowledge receipt of your letter dated November 18, 1922, with inclosures, relating to the case of Mr. W. H. Schmidt, formerly chief boatswain's mate, United States Navy.

Mr. Schmidt was recommended for a medal of honor by Lieut. Commander H. H. Norton, United States Navy, while acting as commander of the armed guard ship *Amphion*.

This recommendation was carefully considered by the board of awards and the board recommended the award of a Navy cross in this case.

Many officers and men were recommended for various decorations and awards for their services during the war, and it was the duty of the board of awards to consider all papers placed before it and to recommend in each case that action which was deemed advisable and just after thorough consideration of all cases.

It is not the policy of the department to reconvene the board of awards nor to take any action contrary to the recommendation of the board. This has not been done in the case of any officer or man whose recommendations were considered by the board.

The inclosures forwarded with your letter are returned herewith.

It is a very narrow and shortsighted policy on the part of the Secretary of the Navy not to reconsider cases where awards were granted under misapprehension or on mistaken facts. I feel that Mr. Schmidt should be given the medal of honor recommended for him and hope that consideration will be given the bill I have introduced by the committee in the very near future.

Mr. HUSTED. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GRAHAM of Illinois, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had under consideration the bill H. R. 13232, making appropriations for the Departments of State and Justice, and for the judiciary, and had come to no resolution thereon.

MECHANICAL DEVICE FOR COUNTING VOTES.

The SPEAKER. The Chair has been requested to inform the membership of the House that in the majority room in the House Office Building there is a new device for mechanical voting in the House which will be on exhibition for several days, and they would be very glad to have Members drop in and inspect it.

UNAUTHORIZED SIGNATURES TO PETITION.

Mr. WARD of North Carolina. Mr. Speaker, I desire to have a correction made. I understand that the gentleman from California [Mr. LINEBERGER] this morning placed in the RECORD a list of names purporting to be subscribed to a petition to hold memorial services in honor of some Federal prisoner, and that my name was on the petition. I did not know there was such a prisoner living or dead. I did not authorize my name to be put on such a petition; I did not know that it was on there. I ask unanimous consent of the House that my name may not appear in the printed remarks.

Mr. LINEBERGER. Mr. Speaker, I do not desire to interpose any objection to the gentleman's request, but any responsibility for striking out any of the names or making any change should rest on the House and not upon me. The document I inserted just as it came to me. I have no objection to individual Members seeking to have their names stricken from it.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none.

Mr. KLINE of New York. Mr. Speaker, my request is of the same nature. I find my name was attached to that communication, but I did not sign it. I have authorized no one to sign it for me, and I ask unanimous consent that my name may be eliminated from the Journal and the RECORD of to-day's proceedings.

The SPEAKER. It will not, of course, appear in the Journal. Is there objection to the request of the gentleman from New York?

Mr. CONNALLY of Texas. Reserving the right to object, I appreciate the very serious, wicked trick that has been played on the gentleman, but I think the perpetrator of the outrage ought to be held up to public scorn. When did the gentleman first know that his name was attached to it?

Mr. KLINE of New York. When I came to the House.

Mr. CONNALLY of Texas. Did he call it to the attention of the man who attached it to the document?

Mr. KLINE of New York. I did not. I did not know it was a man.

Mr. CONNALLY of Texas. Or a woman?

Mr. KLINE of New York. I do not know.

Mr. CONNALLY of Texas. I think anyone who would practice this kind of a trick on Members of Congress ought to be exposed. I hope the gentlemen who are concerned will institute an investigation, because we do not want to have this develop into a practice. It would be embarrassing to have circulars continually floating around here with the names of Members of Congress on them that are not authorized.

Mr. WARD of North Carolina. Mr. Speaker, if the gentleman will permit, I think I can suggest to him probably how the names got onto the petition, so called. A lady called at my office and asked me about how I stood on the question of pardoning the war prisoners. I made to her the answer which I make to the country now, and for which I make no apology, that I had had sufficient experience with criminal trials to think that in all probability many of these men had been convicted because of the inflamed state of the public mind, and if the records were carefully examined, perhaps 50 per cent of them would be and ought to be pardoned. I did not refer, nor did I understand the lady to refer, directly or indirectly, to any memorial service or proceedings to be held over a dead prisoner. What I say to the House I said to her. I presume I am blameworthy for not being more abrupt, for not telling her I would have nothing to do with her nor with any application to pardon the prisoners.

Mr. LINEBERGER. Mr. Speaker, having interposed no objection to the request of the gentleman from North Carolina, it having been granted, of course nothing can be done; but in view of the gentleman's remarks just had, I should have interposed an objection if he had made the remarks before I withdrew the objection.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. KLINE]?

There was no objection.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. CONNOLLY of Pennsylvania, at the request of Mr. VARE, on account of the death of his mother.

To Mr. SMITH of Michigan, for two weeks, on account of illness, at the request of Mr. MAPES.

To Mr. APPLEBY, for two days, on account of a death.

To Mr. MCFADDEN, an extension of leave of absence for six days, on account of important business.

ADJOURNMENT.

Mr. HUSTED. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 20 minutes p. m.) the House adjourned until to-morrow, Tuesday, December 12, 1922, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

814. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination of Jamaica Bay, N. Y., with a view of securing increased depth and width, including the entrance channel; to the Committee on Rivers and Harbors.

815. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination and survy of Muskegon Harbor, Mich. (H. Doc. No. 494); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

816. A communication from the President of the United States, transmitting, with a letter from the Bureau of the Budget, an estimate of appropriation for the Federal Narcotic Control Board for the fiscal year ending June 30, 1923, $800 (H. Doc. No. 495); to the Committee on Appropriations and ordered to be printed.

817. A communication from the President of the United States, transmitting a communication from the Secretary of the Navy submitting an estimate of appropriation in the sum of $6,969.46 to pay claims for damages by naval vessels which have been adjusted by the Navy Department and require an appropriation for their payment (H. Doc. No. 496); to the Committee on Appropriations and ordered to be printed.

818. A communication from the President of the United States, transmitting, with a letter from the Director of the Bureau of the Budget, a supplemental estimate of appropriation for the United States Tariff Commission for the fiscal year ending June 30, 1923, $250,000 (H. Doc. No. 497); to the Committee on Appropriations and ordered to be printed.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. SHREVE: A bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

By Mr. MOORE of Virginia: A bill (H. R. 13317) for the extension of Virginia Avenue west of Rock Creek to the north end of the new Key Bridge; to the Committee on the District of Columbia.

By Mr. LANGLEY: A bill (H. R. 13318) providing for the comprehensive development of the park and playground system in the National Capital; to the Committee on Public Buildings and Grounds.

By Mr. RAKER: A bill (H. R. 13319) for the inclusion of certain lands in the Shasta National Forest, Calif., and for other purposes; to the Committee on the Public Lands.

Also, a bill (H. R. 13320) for the inclusion of certain lands in the Tahoe National Forest, in the States of California and Nevada, and for other purposes; to the Committee on the Public Lands.

By Mr. BLAND of Virginia: A bill (H. R. 13321) for the improvement of channel connecting the deep waters in James River with Hampton Roads, Va., and for the modification of the existing project for the improvement of said channel; to the Committee on Rivers and Harbors.

By Mr. JOHNSON of Mississippi: A bill (H. R. 13322) providing for the purchase of a site and the erection of a public building thereon at Columbia, Marion County, Miss.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13323) providing for the purchase of a site and the erection of a public building thereon at Poplarville, Pearl River County, Miss.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13324) providing for the purchase of a site and the erection of a public building thereon at Lumberton, Lamar County, Miss.; to the Committee on Public Buildings and Grounds.

By Mr. STEPHENS: A bill (H. R. 13325) to amend section 9 of an act entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," approved October 6, 1917, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. NEWTON of Minnesota: A bill (H. R. 13326) in reference to a national military park at Yorktown, Va.; to the Committee on Military Affairs.

By Mr. SWING: A bill (H. R. 13327) authorizing the Secretary of the Interior to issue patent to the city of Redlands, Calif., for certain lands, and for other purposes; to the Committee on the Public Lands.

By Mr. CARTER: Joint resolution (H. J. Res. 406) to authorize the conveyance of the south half of Red River bed, in the State of Oklahoma, to the State of Oklahoma; to the Committee on the Public Lands.

By Mr. FOSTER: Joint resolution (H. J. Res. 407) proposing an amendment to the Constitution of the United States relative to child labor; to the Committee on the Judiciary.

By Mr. CAMPBELL of Kansas: A resolution (H. Res. 465) providing for the appointment of a select committee of five Members of the House, who shall make full inquiry into the matter of the permanent installation in the House wing of the Capitol and in the Hall of the House of Representatives of the apparatus or device now experimentally in operation therein, designated as a "public address or voice amplifying system," and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introducted and severally referred as follows:

By Mr. ANDREWS of Nebraska: A bill (H. R. 13328) granting a pension to Katherine Thompson; to the Committee on Invalid Pensions.

By Mr. BENHAM: A bill (H. R. 13329) granting a pension to William E. Hamer; to the Committee on Pensions.

By Mr. EDMONDS: A bill (H. R. 13330) for the relief of Luther Lysander Martin; to the Committee on Naval Affairs.

By Mr. FIELDS: A bill (H. R. 13331) granting a pension to William T. Prater; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13332) granting a pension to John W. Ramey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13333) granting a pension to Lucy Stevens Wilson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13334) granting an increase of pension to James A. Carver; to the Committee on Pensions.

By Mr. HICKS: A bill (H. R. 13335) providing for the examination and survey of Manhasset Bay, Long Island, N. Y.; to the Committee on Rivers and Harbors.

By Mr. KENNEDY: A bill (H. R. 13336) for the relief of Thomas A. Tabele; to the Committee on Claims.

Also, a bill (H. R. 13337) for the relief of Mary F. Spaight; to the Committee on Claims.

Also, a bill (H. R. 13338) for the relief of Thomas F. Sutton; to the Committee on Claims.

By Mr. MOORE of Virginia: A bill (H. R. 13339) granting an increase of pension to Paul W. Thomson; to the Committee on Pensions.

Also, a bill (H. R. 13340) for the relief of Frank L. Smith; to the Committee on Claims.

By Mr. REED of West Virginia: A bill (H. R. 13341) granting an increase of pension to Greene B. Caywood; to the Committee on Pensions.

By Mr. THOMAS: A bill (H. R. 13342) granting a pension to John O. White; to the Committee on Pensions.

By Mr. WOODYARD: A bill (H. R. 13343) granting a pension to Minnie Young; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6562. By Mr. BRIGGS: Petition of Intracoastal Canal Association, for completion and improvement of the intracoastal canal in Louisiana and Texas; to the Committee on Rivers and Harbors.

6563. By Mr. BULWINKLE: Petition of C. W. Chamberlain and 50 other residents and business men of Gastonia, N. C., to abolish discriminatory tax on small arms, ammunition, and firearms; to the Committee on Ways and Means.

6564. By Mr. DARROW: Petition of New Century Club, of Philadelphia, Pa., opposing the passage of the Bursum Indian bill; to the Committee on Indian Affairs.

6565. By Mr. KELLEY of Michigan: Petition of J. Bert Peabody and 16 other residents of Birmingham, Mich., to abolish discriminatory tax on small arms, ammunition, and firearms; to the Committee on Ways and Means.

6566. By Mr. KISSEL: Petition of National Aeronautic Association of the United States of America, Washington, D. C., on a national policy for air; to the Committee on Interstate and Foreign Commerce.

6567. Also, petition of the Celotex Co., Marrero, La., regarding the flood and overflow of the Mississippi River; to the Committee on Flood Control.

6568. By Mr. RIORDAN: Petition of Henry G. Babcock and 42 other residents of the eleventh congressional district of New York, favoring a modifying of the Greek and Turkish immigration quotas in such a way as to grant asylum in the United States of America to as many as possible of these sufferers; to the Committee on Immigration and Naturalization.

6569. By Mr. ROSSDALE: Petition of Federation of Polish Hebrews of America, favoring the amending of the immigration laws; to the Committee on Immigration and Naturalization.

6570. Also, petition of the New York Waterways Association, of New York, favoring improvement of the New York Harbor; to the Committee on Rivers and Harbors.

6571. By Mr. SNYDER: Petition of Pima Indians of Arizona, favoring an appropriation for a canal from Florence, Ariz., to Pima lands; to the Committee on Appropriations.

SENATE.

TUESDAY, *December 12, 1922.*

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, life without Thy help and inspiration would indeed lack real significance and outlook. We therefore ask that this morning there may be given to us such a consciousness of Thy presence, Thy graciousness, and Thy willingness to help in every situation as to guide in proper deliberation to the highest interest and welfare of the country. Hear us this morning and be very near and gracious. For Christ Jesus' sake. Amen.

The reading clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

PETITIONS.

Mr. ROBINSON presented resolutions adopted by the Federation of the Missouri Pacific Railway Shop Crafts, of Little Rock, and the Federated Shop Crafts, of Paragould, both in the State of Arkansas, favoring prompt action by the Federal Government to remedy faulty condition of railroad-operating equipment, which were referred to the Committee on Interstate Commerce.

Mr. TOWNSEND presented a resolution adopted by the annual convention of the Michigan State Federation of Women's Clubs, at Flint, Mich., favoring the enactment of legislation to provide adequate physical education for children in the United States, which was referred to the Committee on Education and Labor.

Mr. ELKINS presented resolutions adopted by Parkersburg Post, No. 15, American Legion, of Parkersburg, W. Va., favoring the passage of legislation for the relief of Gill I. Wilson, which were referred to the Committee on Pensions.

Mr. LADD presented a petition of the Parent-Teachers' Association, of Willow City, N. Dak., praying for the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

Mr. NICHOLSON presented a petition of sundry citizens of Monte Vista, Colo., praying for the enactment of legislation to abolish the discriminatory tax on small-arms ammunition and firearms, which was referred to the Committee on Finance.

OPERATION OF THE PROHIBITION LAW.

Mr. SHEPPARD. Mr. President, I ask to have inserted in the RECORD in 8-point type a statement which I have prepared on the progress of prohibition in the United States. I prepared the statement for one of the metropolitan papers and the paper used it partially but not in full.

I desire to add in this connection that prohibition in the United States has come to stay. Gentlemen who are striking at it and complaining of the operation of the Volstead Act and the eighteenth amendment may well reserve their energies for a better purpose. The President of the United States said in his recent message that the most demoralizing feature of American life was the violation of the Volstead Act. I differ from him. I think the most demoralizing factor is the growing difficulty which the average American family experiences in meeting the increasing pressure of economic conditions. Prohibition has helped that situation substantially, but prohibi-